



Sustainable
Timber
Tasmania

Annual Report

2021





Undertaking forest inventory

We conduct regular forest inventory activities to obtain data which informs our silvicultural management decisions.

Once a harvested forest area has been resown, our work transitions to monitoring procedures that enable us to understand how effectively the forest is regrowing.

We use technology such as tablets to carry out three types of forest inventory, including permanent growth plots, strategic inventory and operational inventory.

The information we gather from forest inventory and modelling processes informs our long-term sustainable yield estimates, assists in scheduling future forest operations and supports silvicultural management decisions.

Regrowing the forest is one of the most important things that we do.



PICTURED:
David Hogan,
Forest Officer Planning,
Sustainable Timber
Tasmania

A man with a beard, wearing a white hard hat with a red stripe and safety glasses, is operating a drone. He is wearing an orange high-visibility jacket with a dark blue collar and cuffs, and grey cargo pants. He is holding a black drone controller in his right hand. The background is a vast, lush green forest covering a valley, with a large, rocky mountain peak in the distance under a cloudy sky. The image is overlaid with two semi-transparent green circular shapes. One large green circle is in the upper right, containing white text. A smaller, darker green circle is in the middle right, containing white text. The drone is partially visible on the right edge of the frame.

New technology is
providing us with valuable
insight and deeper
knowledge, transforming
the way we work.

PICTURED:
Richard Lindley,
Coordinator Sales,
Sustainable Timber
Tasmania



Using drones for regeneration surveys

By deploying drone technology, we've already seen a significant impact in the way we identify, map and model our forests. Drones are enhancing our efficiency, accuracy, and safety when conducting regeneration surveys.

They allow us to work smarter and are improving the way we manage and protect forest values.

Once harvesting activities are completed, we plan and conduct regeneration surveys to understand whether a forest has been regenerated to fully productive stands.

Systematic coupe surveys are completed and then we calculate the percentage of surveyed plots that are stocked. Stocking is a measure of site occupancy and involves assessment of the presence of seedlings that are likely to grow into trees and the basal area of retained trees.

When conducting regeneration surveys, drone technology accompanied with traditional methods is providing us with viewpoints and high-quality imagery from above. This helps to further understand site occupancy and the potential for forest canopy.

Sustainable Timber Tasmania uses nationally agreed standards to assess and report on the regeneration success in every area that we harvest.



Sustainable Timber
Tasmania continues
to grow future
high-quality forest
products in our
plantation estate.

PICTURED:

Kennedy Kurwaisimba,

Coordinator Planning,
Sustainable Timber Tasmania

Kristen Dransfield,

Senior Forest Officer, Forest Management,
Sustainable Timber Tasmania

Managing plantations

Sustainable Timber Tasmania's *Eucalyptus globulus* and *Eucalyptus nitens* plantations are maturing; growing into strong, healthy trees which can be used for eucalypt solid wood products.

The production of solid wood product requires young trees to be pruned and thinned to provide optimum growing conditions for the strongest, healthiest trees.

We conduct pruning operations to remove the branches on the lower stems. This promotes knot-free clear wood growth ideal for appearance grade wood products. Pruning is completed by contractors when trees are between three and five years old.

Thinning operations are undertaken to reduce competition between trees which helps to increase the size of the final crop. This work is completed by removing the unpruned, lower quality, slower growing trees. The trees which are removed produce logs suitable for pulpwood for paper production. The remaining trees grow until final harvest when they are between 25 and 30 years old.

In managing our plantations, we also implement a tree improvement program which applies the best breeding techniques available to maximise the value of our plantation estate.

This work involves testing, identifying, and breeding trees that have the right balance of growth rate and wood quality. Our programs are based on more than 30 years of research, collaboration with other organisations and an extensive network of provenance and progeny trials and seed orchards.

As our plantation estate matures, Sustainable Timber Tasmania continues to carefully manage and support the production of high-quality forest products.



The people behind our forests

Sustainable Timber Tasmania understands that a successful and sustainable future relies on the expert people behind our forests.

Our people work in a variety of different areas including regeneration, firefighting, work health and safety, conservation, certification, research, forest health, planning, finance, administration, stakeholder engagement, communications, information technology, natural capital, geographic information systems, land management, project management, forest management, and people and culture.

Sustainable Timber Tasmania's presence in Tasmanian regional communities enables greater career opportunities for those who work with us. With offices in Smithton, Camdale, Scottsdale, Perth, Derwent Park, Hobart and Geeveston, we work together as one strong statewide team.

Sustainable Timber Tasmania is committed to building a strong workplace culture, improving our productivity and increasingly building the capability of our workforce.





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Sustainable Timber Tasmania acknowledges and pays respect to Tasmanian Aboriginal people as the traditional owners and continuing custodians of the land, and acknowledges Elders past, present and emerging.



Sustainability is at the heart of everything we do. It's our long-term future.

Sustainable Timber Tasmania is a Tasmanian Government Business Enterprise responsible for:

- sustainably managing approximately 812,000 hectares of public production forest (Permanent Timber Production Zone land); and
- undertaking forest operations for the production and sale of forest products from these forests.

What we do



Sustainably managing the forest estate



Sustainably supplying timber



Sustainably growing our business

How we do it

Delivering effectively

Building a sustainable, effective and consistent business that is valued by our customers and stakeholders.

Developing capability

Investing in our business and our people, and promoting an educated, skilled and safe contractor workforce with capabilities for the future.

Leading and innovating

Embracing new ideas and realising opportunities, and fostering an innovative culture that supports ongoing development of the Tasmanian forest industry.

Growing value

Investing in strategies and initiatives that grow and realise the full value of the forest estate and the services we provide.

Listening and engaging

Building trust and confidence with our stakeholders and the community through genuine communication, engagement and being a good neighbour.



Our core activities

- Land management
- Sale of forest products
- Fire management
- Forestry road construction and maintenance

Our corporate objectives

- Achieve and maintain financial sustainability
- Efficiently and effectively make available agreed wood volumes and other services to our customers
- Professionally manage public production forests to maintain wood resource and other environmental, cultural and economic values
- Achieve zero harm to our people and contractors

Our values

Respect

We create safe spaces

Responsibility

We take ownership

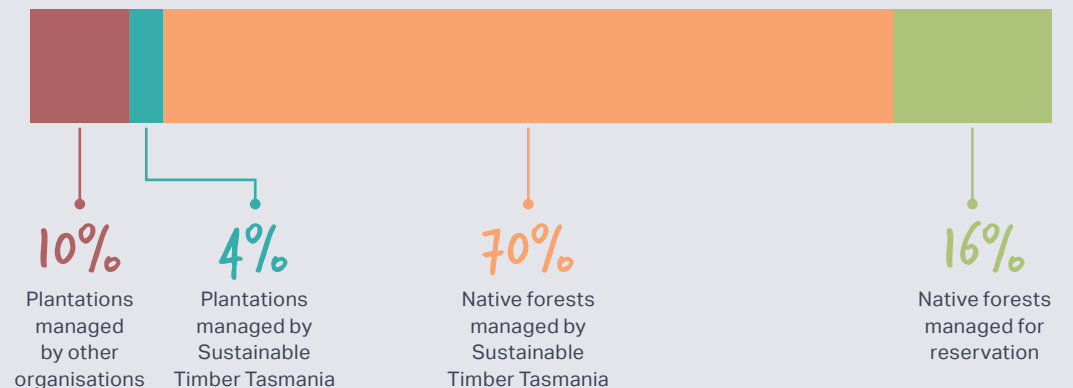
Growth

We create sustainable value

Excellence

We make it happen

Permanent Timber Production Zone land (812,000ha)



From our Chairman and Chief Executive Officer



Rob de Fégely AM
Chairman



Steve Whiteley
Chief Executive Officer

We are pleased to present Sustainable Timber Tasmania's Annual Report for 2020/2021.

The 2020/2021 financial year required Sustainable Timber Tasmania's board and management to navigate several challenges and pursue new opportunities.

This report presents some of the achievements and highlights for Sustainable Timber Tasmania.

This year, the strong contribution from more than 1,000 employees and contractors supported the organisation to sustainably manage the forest estate, sustainably supply timber and sustainably grow our business.

Some of these contributions were acknowledged and highlighted in local and national award nominations and wins, where Sustainable Timber Tasmania and its people were formally recognised in the areas of research and innovation, safety, traineeships and women in forestry.

Throughout the year, the organisation continued to develop its focus on adaptive land management, resource security, customers and community and supply chain and workforce.

As an active and adaptive forest manager, Sustainable Timber Tasmania maintains and enhances the conservation and protection of forest values – specifically related to management, accessibility, and availability for multiple uses.

Developing and adapting a sustainable land management approach in a changing environment, climate, society and market is essential to Sustainable Timber Tasmania's future.

There was significant effort to drive continual improvements such as progressing our forest monitoring utilising digital forest research, revising seed zoning systems to better manage future forest health and resilience, investigating a natural capital accounting framework and undertaking a range of habitat retention trials.

This year, Sustainable Timber Tasmania actively participated in over 25 research projects. This was to support sustainable forest management in a diverse range of areas including forest genetics, climate change, biodiversity, fire management, natural capital accounting and the Internet of Things.

Sustainable Timber Tasmania operates at a profit and supports businesses, jobs, and communities across Tasmania.

In 2020/2021 Sustainable Timber Tasmania has reported a total consolidated comprehensive income of \$3.9 million, its fourth successive profit result. We thank our customers for their continuing support in a more unstable market environment.

During the year a major customer consolidated processing operations at Smithton by closing their southern

facility. This change has created the opportunity for new investment in manufacturing.

Sustainable Timber Tasmania's value to the Tasmanian community extends beyond operating at a profit.

Sustainable Timber Tasmania paid \$115 million to Tasmanian businesses, including \$53 million to harvest and haulage contractors, supporting local communities. Importantly, we helped to keep regional Tasmanians employed during the COVID-19 pandemic.

We sowed nearly 90 million seeds to regrow forests for future generations and maintained almost 3,000km of roads to provide access to Permanent Timber Production Zone land for multiple uses including tourism businesses, bushwalking, mountain biking, hunting and fishing.

Furthermore, Sustainable Timber Tasmania is committed to protecting communities from the impacts of bushfires and contributed over 1,200 hours of firefighting activities while attending 24 bushfires in 2020/2021.

During a year disrupted by COVID-19, wood production in 2020/2021 progressed at a similar volume to the previous year, with nearly 1.6 million tonnes of forest products, including over 115,000 cubic metres of high-quality eucalypt sawlogs supplied to customers.



Sustainable Timber Tasmania understands that a successful future relies on developing a capable, diverse and safe workforce.

As a statewide team, Sustainable Timber Tasmania has worked tirelessly to maintain an ongoing commitment to continual improvement to promote safety management and performance. We want our employees and contractors to go home safe and well every day. Implementing SafetyCircle training across the state has been a fundamental part of this approach and demonstrated the great importance of investing in safety that is delivering a wide tangible impact on the ground.

Finally, a warm thankyou to Sustainable Timber Tasmania's employees, contractors, Board of directors, stakeholders, and the wider Tasmanian community for your ongoing support and engagement.

"This year, the strong contribution from more than 1,000 employees and contractors supported the organisation to sustainably manage the forest estate, sustainably supply timber and sustainably grow our business."



“All birds have their own unique way of chattering to each other. We want to use the acoustic monitoring tool as if it’s our ‘ears’ in the forest to know who’s living where, how they are trending over time, and to answer important ecological questions.”

*– Marie Yee,
Senior Conservation Planner,
Sustainable Timber Tasmania*



The sounds of the bush are returning

Geeveston,
Tasmania

The Huon Valley landscape remains scarred from the bushfires of 2019. Two years on, the beauty and resilience of the Australian bush is clear. The forests and surrounds are awash with colours of new growth and the sounds of the bush are slowly returning.

Sustainable Timber Tasmania's extensive internal scientific capability, in collaboration with other organisations and institutions is helping to better understand forest ecology and inform sustainable forest management practices.

Sustainable Timber Tasmania is working alongside local ornithologist Andrew Hingston to monitor the response of native birds to bushfire. The work is being completed as part of the Acoustic Monitoring Project, a collaborative research project on native bird diversity between the University of Tasmania and Sustainable Timber Tasmania.

"All birds have their own unique way of chattering to each other. We want to use the acoustic monitoring tool as if it's our 'ears' in the forest to know who's living where, how they are trending over time, and to answer important ecological questions."

– Marie Yee, Senior Conservation Planner, Sustainable Timber Tasmania

The 2019 bushfires presented a unique opportunity to compare and assess the response of birds to the effects of fire in working forests.

The team is collecting baseline field surveys and acoustic data from three key regions in the south, north west and north east of Tasmania, and from this, a library of known bird calls from these acoustic recordings is being created.

The data is being compared to previous datasets that were surveyed in the same area back in 2010 by Andrew Hingston. This important work is helping to inform and contribute to the way Sustainable Timber Tasmania monitors the health and changes in species presence and composition through space and time in relation to production forestry and wildfire.

Excitingly, the project has led to the development of a machine learning bird call recogniser that is being used to process collected data and generate species lists for more than 60 monitoring sites. To date, the tool can recognise 23 native Tasmanian bird species. It also has the enhanced capability to continually recognise additional species and distinguish the different types of calls that a species will make – for example a foraging or 'feed me' call.

Since 2017, Sustainable Timber Tasmania has monitored native bird diversity in the reserves and retained areas of wet mature eucalypt forest on Permanent Timber Production Zone (PTPZ) land.

Monitoring and recording the sounds of Tasmania's forests using bioacoustic technology and

traditional ornithological survey methods is ongoing.

The data is helping us to understand which habitat types are important for key indicator species; which populations are increasing or decreasing over time and whether this is or is not related to forest management or other factors; and how we can adapt forest management to improve habitat and values for these species.

"The data is invaluable to informing improved sustainability in the management of working forest across Tasmania."

– Andrew Hingston, ornithologist

New technology and a collaborative approach is providing a highly efficient method for monitoring key conservation species and detecting population trends over time, forming an essential and valuable component of Sustainable Timber Tasmania's land management strategy.



Meet Marie and Andrew

Marie Yee is Sustainable Timber Tasmania's Senior Conservation Planner and works closely with Tasmanian ornithologist Andrew Hingston to further progress our Acoustic Monitoring Project in the southern forests.



TO FIND OUT MORE,
VISIT WWW.STTAS.COM.AU



Forty-spotted pardalote
Visit www.sttas.com.au to listen.

This year

HIGHLIGHTS

- Produced nearly **1.6 million tonnes of wood**, including over 115,000 cubic metres of high-quality eucalypt sawlogs and over 8,800 cubic metres of special species timbers.
- Made over **\$100 million** of forest products sales.
- Paid **\$115 million to 673 Tasmanian businesses** including \$53 million to Tasmanian harvest and haulage contractors.

REGROWING

- Prepared more than **5,000 hectares** for regrowing with nearly **90 million seeds** sown on harvested areas to regrow future forests.

FIRE MANAGEMENT

- Attended **24 bushfires** with **over 1,200 hours** of firefighting activities and 60,674 standby hours.
- Provided **537 person days** of assistance to **28 fuel reduction burns** completed by other agencies and completed 8 fuel reduction burns on PTPZ land.

Every job and every contribution to regional communities is important.

Last year alone, we injected over **\$115 million** directly into the state's economy, with **98%** of all our purchases made to Tasmanian business.





MULTIPLE USE

- Maintained *almost 3,000km of a 10,000+km road network* to provide access to PTPZ land and constructed more than 40km of new roads for multiple uses.

SAFETY

- *Strong safety performance* for employees and significant improvements in contractor safety performance from continued implementation of SafetyCircle, a safety culture program.

CERTIFICATION

- Maintained Responsible Wood forest management certification, safety and environmental systems certification and continuing work towards FSC® certification.

RESEARCH AND INNOVATION

- Sustainable Timber Tasmania actively participated in *over 25 research projects* to support sustainable forest management in a diverse range of areas, including: forest genetics, silviculture, biodiversity, climate change, threatened species management, wood processing and products, forest health and pest management, inventory, harvesting and logistics, fire management, remote sensing, natural capital accounting, drones and Internet of Things.

DIGITAL FORESTS

- *Expanded our LoRa Gateway network into south eastern Tasmania* to support deployment of sensors being developed for fire management and now working to extend the network to the north east.
- *Monitored the breeding success of three pairs of Tasmanian wedge-tailed eagles* through the Eagle Eye project, which provided valuable data towards enhancing their ongoing management.
- *Recorded over 2,000 video clips of eagle's nests*, providing a valuable resource for understanding nesting behaviour.



"Sustainable Timber Tasmania has been supportive from day one, and this is their initiative to put a protective circle around Derby."

– Tim Watson, General Manager,
Dorset Council

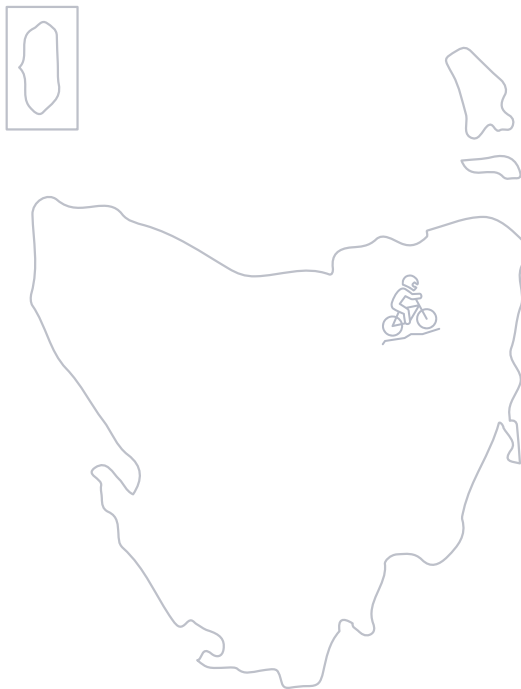
Working forests and world-class mountain biking side by side

Derby,
Tasmania

Sustainable Timber Tasmania has been involved in the vision for mountain bike trail development in Tasmania since the early 2000s.

Right from the start, Sustainable Timber Tasmania worked alongside the Dorset Council, tourism businesses and the mountain bike community to establish the Derby mountain bike trail network on Permanent Timber Production Zone land.

"Without the agreement and assistance from Sustainable Timber Tasmania there would not be a big enough trail network to make Derby as successful as it is today."
– Greg Howard, Mayor, Dorset Council



Sustainable Timber Tasmania is proud of this history and its contribution to the success and growth of Derby.

The trail network was established in working forests with the knowledge that these neighbouring public production forests would be harvested.

The Derby mountain bike trails are entirely outside of future proposed harvest areas and substantial measures are put in place to protect the trails from forest operations.

There is a long-standing Tourism and Forestry Protocol Agreement in place and through this Agreement, the tourism and forest industries are committed to working alongside one another for the future benefit of Derby and the mutual benefit of both industries.

The Agreement recognises that tourism and forest operations are part of the Tasmanian landscape, and that both industries benefit from the opportunities created by Tasmania's forests.

A SHARED VISION

Sustainable Timber Tasmania is excited to share its working with the Dorset Council and Tasmania Parks and Wildlife Service to establish a Derby Precinct Masterplan for the iconic Derby mountain bike trail network.

Meet Hafwen and Tim

Hafwen Pearce is Sustainable Timber Tasmania's Harvesting and Sales Coordinator in the north east. Hafwen is part of the forest operations team that continue to work closely with Tim Watson, General Manager of the Dorset Council to manage the successful co-existence of working forests, tourism and mountain biking in Derby.



"Sustainable Timber Tasmania has been supportive from day one, and this is their initiative to put a protective circle around Derby. What this means is the mountain bike network, or if you like the footprint (of Blue Derby), will be protected into perpetuity."

– Tim Watson, General Manager
Dorset Council

This means that activities in the neighbouring public production forest will not interfere with the Derby mountain bike trails. Together, all parties are working through a process to develop the Masterplan and look forward to revealing it soon.

Sustainable Timber Tasmania remains actively committed to working alongside the Dorset Council, tourism businesses and the mountain bike community to foster long-term growth in Derby and firmly position the town as an iconic mountain bike destination in Tasmania.

World-class mountain biking, tourism and working forests can and do successfully co-exist.

Sustainable Timber Tasmania is proud to be part of Derby's exciting future.



TO FIND OUT MORE,
VISIT WWW.STTAS.COM.AU



“Sustainable Timber Tasmania should be applauded for the significant value it has added to the Tasmanian forest industry.”

– Gerard Bennett, General Manager Operations and Safety at TP Bennett and Sons

PICTURED:

Caitlin Bennett,
Machinery Operator at
TP Bennett and Sons

Strong steps to a safer industry



Huon Valley,
Tasmania

In the past year, the forest industry has proudly and collectively demonstrated strong steps and results towards fostering a safe future for those who work and rely on the forest industry.

The forest industry at the ground level can be a challenging environment to operate and work in safely. It is well documented that injuries and incidents can occur because of a changing and unpredictable forest environment, machinery, inclement weather and the nature of the work.

Together, Sustainable Timber Tasmania and its contractor workforce recognised that significant cultural change was required to approach operations with a new enhanced safety lens.

In 2019, Sustainable Timber Tasmania and its contractors held a 'Reset' meeting to address the heightened concern around safety in its forests, and as a result, committed to working collaboratively and proactively to enable people to go home safe and well every day.

Actively joining forces, more than 300 employees and contractors have embarked on this safety journey.

Sustainable Timber Tasmania has provided greater support and resources to help empower and skill its employees and contractors and developed a revised safety strategy, with culture as its core focus.

A new Contractor Portal is part of the strategy and was built to further

support self-management and easy availability of information and tools such as safety alerts and effective online induction training.

Sustainable Timber Tasmania continues to deliver its safety strategy and the roll out of the SafetyCircle Program statewide to all employees and contractors.

DIRECT OUTCOMES OF SUSTAINABLE TIMBER TASMANIA'S SAFETY STRATEGY IMPLEMENTATION

The safety program is reinforcing the positive attitude and culture that is needed to make a real difference to the health and safety outcomes for employees and contractors.

- **190 program participants** have agreed to work inside the SafetyCircle. This agreement includes speaking up, interrupting unsafe acts, reporting and looking after tools and equipment.
- **181 documented health and safety improvements** across 27 statewide native forest harvesting contractors.
- **Nearly 2000 SafetyCircle shares/interactions** in north east and southern crews during minimum weekly Sustainable Timber Tasmania Forest Officer site visits.
- **80% reduction in lost time injuries** in southern crews compared to the previous year.



Meet Gerard

Gerard is General Manager Operations and Safety at TP Bennett and Sons, one of Sustainable Timber Tasmania's forest operations contractors.

- Working together, the program has improved the contractor lost time injury frequency rate from 28.6 to **5.92** in the past 12 months. This is the best lost time injury frequency rate Sustainable Timber Tasmania has achieved in 19 years.

From Gerard Bennett, General Manager Operations and Safety at TP Bennett and Sons

My workforce can't thank Sustainable Timber Tasmania enough for its ongoing efforts, support, dedication and commitment to improving safety in the forest industry.

We are enjoying and looking forward to continuing work with Sustainable Timber Tasmania to maintain our goal of getting home safe and well every day.

What we have achieved so far is amazing to see. We now have a Safety Manual to guide our operations - which is continually updated to remain current.

Sustainable Timber Tasmania has also supported all our staff to undertake ICAM training.

One of the biggest programs established was the SafetyCircle Program in the industry.

The biggest gains we have seen from SafetyCircle have been on a day-to-day basis at our work sites.

The improved communication and the desire to use the tools that we have been taught is evident amongst our workforce.

The aim of Sustainable Timber Tasmania's safety strategy was to develop a new safety culture, and in my opinion, this has been a great success.



TO FIND OUT MORE,
VISIT WWW.STTAS.COM.AU

Living our values

EXCELLENCE: We make it happen

OUR ACHIEVEMENTS

In the past year, Sustainable Timber Tasmania has proudly received several prestigious awards that acknowledge the significant contribution and immense value that our people and innovative projects bring to the forest industry and local communities.

Being nominated for these awards is a true reflection of our people, contractors and partners who work tirelessly and passionately to deliver positive outcomes, going above and beyond every day.

WOMEN IN FORESTRY

Winner, Midway 'Woman in Forest Industries Award of Excellence' at the 2021 National Forest Industry Awards: Suzette Weeding, General Manager Conservation and Land Management, Sustainable Timber Tasmania

Suzette has been part of the Australian forest industry for over 20 years and one thing she has seen is the growth and increase in the number of women in the forest industry.

"There are so many extraordinary strong passionate women in the Australian forest industry, it's one of the things that makes our industry vibrant and strong." – Suzette Weeding

"On behalf of Australia's forest industries, I warmly congratulate Suzette in receiving this terrific award. She was selected from an amazing group of applicants, all of whom would have been deserving winners. It just shows how lucky we are to have so many fantastic women working across Australia's forest industries. Congratulations Suzette!" – AFPA CEO Ross Hampton

Suzette's acknowledgement is truly well deserved and inspiring for all women in the forest industry.

Suzette Weeding,
General Manager Conservation
and Land Management,
Sustainable Timber Tasmania

Winner, Midway 'Woman in Forest
Industries Award of Excellence'
at the 2021 National Forest
Industry Awards





PICTURED:
Dr Dean Williams, Manager
 Forest Management Services,
 Sustainable Timber Tasmania,
 with **Mike Ross**, CEO,
 Indicium Dynamics

RESEARCH AND INNOVATION

Winner, Outstanding Contribution to Sustainability or Protection of the Environment at the 2020 and 2021 TasICT Awards: Sustainable Timber Tasmania and Indicium Dynamics

Sustainable Timber Tasmania continues to work with Indicium Dynamics on our #DigitalForests project. This project is about embracing emerging technologies and developing new sensors and devices to improve the quality, speed and timeliness of data and information relating to ongoing and current forest activities.

The Eagle Eye project is applying the Internet of Things to landscape scale wedge-tailed eagle management. We've been trialling technology for the past two years that identifies the presence of wedge-tailed eagles in nesting locations across Tasmania. We're using this data to inform operational decisions that may impact nesting.

This project has been a true collaborative effort and we feel proud to work alongside some valuable partners including Indicium Dynamics.

Plus:

2021 Tasmanian Timber Awards

Sustainable Timber Tasmania
 Winner (Large Organisation),
 Workplace Health and Safety
 Excellence

Kylie Kemp
 Winner (Large Organisation),
 Trainee of the Year

Luke Chamley
 Highly Commended, Trainee
 of the Year

Theresa Weller
 Highly Commended, Outstanding
 contribution to the Timber
 Industry – Female

Mitch Roberts
 Highly Commended, Outstanding
 contribution to the Timber
 Industry – Male

**Sustainable Timber Tasmania
 and Indicium Dynamics**
 Highly Commended, Innovation
 and Technology

2021 Tasmanian Training Awards

Crispen Marunda
 Finalist, Vocational Student
 of the Year

2021 National iAwards

**Sustainable Timber Tasmania
 and Indicium Dynamics**
 Finalist, Business and Industry
 Solution of the Year

GROWTH: We create sustainable value

In the past year, Sustainable Timber Tasmania's focus has been to attract and retain expertise which is paramount to supporting industry growth and diversification.

Focus areas were driven by innovation in safety, productivity, and efficiencies with the aim to adapt and succeed in a challenging environment.

Our people are key to our success, and that's why we proudly offer an extensive range of training and upskilling opportunities, succession planning and are committed to supporting individual career progression.

The People and Culture team travelled extensively statewide to attend career expos, exhibitions, conferences, primary schools, colleges and community events to have personal conversations about a career in forestry. They experienced some extremely positive results from their work engaging with the wider community. Just one example – a conversation at a Launceston Job Fair resulted in a new employee joining the North East Planning Team. A fantastic outcome.



PICTURED:

Cindy Lewis-Bryan,
Executive Assistant,
Sustainable Timber Tasmania

Cindy recently completed a
Certificate in Governance &
Risk Management from the
Governance Institute
of Australia

IN THE PAST YEAR...

We offered **64** different professional development courses.

From this, we received **500** employee training requests,

and of this **341** courses were completed.

Positively, our churn rate is **-5.59%**
which is our **lowest since 2009.**

RESPONSIBILITY: We take ownership

CUSTOMERS AND COMMUNITY

Sustainable Timber Tasmania is committed to enhancing customer and community expectations for sustainably sourced wood products through active stakeholder engagement, enhanced brand awareness and maintenance of third-party certification standards.

Sustainable wood products and adaptive land management practices are key to fostering future customer, community and market confidence.

In the past year, we have maintained existing internationally recognised Responsible Wood Standard forest management certification to fulfil market and customer requirements.

RESPECT: We create safe spaces

WE STRIVE TO PROVIDE A SUPPORTIVE, PROACTIVE AND HEALTHY WORKPLACE

Sustainable Timber Tasmania's Sustainable Me Program helps to support our people to be the healthiest they can be. Online interactive sessions and one on one personal conversations are central to the program. It's also providing real tools and information to further enhance and positively impact employees' everyday life. Stress management, fatigue, women's health, hydration and diet are just some of the topics we've covered throughout the year.

In 2021, we reached out to our people to help shape Sustainable Timber Tasmania's newly formed Health and Wellbeing Committee. It's been designed to work in conjunction with the Sustainable Me Program and was established as a forum for employee representatives to discuss, develop and promote health and wellbeing initiatives to more than 150 colleagues.

Their mission is to:


- encourage and support people to participate in local and statewide health and wellbeing activities and events; and
- create a safe space for people to raise ideas, share recommendations and provide feedback on behalf of their region or office.



TOGETHER, WE WALKED NEARLY 2000KM!

To prepare for the upcoming fire season, the Health and Wellbeing Committee launched a statewide virtual walk – starting from Sustainable Timber Tasmania's Geeveston office, all the way to Smithton and back, passing each regional office on the way. Nearly 2000km later, the round trip was completed! Walking side by side every week, employees from across the state tracked their total distance and provided live updates as they went.

We had great fun, lots of laughs, enjoyed some fresh air and got our bodies moving. Well done to everyone who took part!



"The importance of the regrowth thinning program is clear. It provides an additional growth opportunity for our company and by thinning out the trees we are realising and adding value to the future sawlog resource, which is in everyone's best interest."

– Dwayne Kerrison, Operations Manager,
Orana Enterprises

PICTURED L-R:

Duncan Woods, Bush Boss,
Orana Enterprises; **Michael Walker**,
SFO Harvesting, Sustainable Timber
Tasmania; **Crispen Marunda**,
Forest Inventory Coordinator,
Sustainable Timber Tasmania

Building complexity and structure into Tasmania's east coast forests

Lake Leake,
Tasmania

Native *Eucalyptus delegatensis* forests, notable for their gum top and stringy bark are located throughout Tasmania's east coast landscape.

Eucalyptus delegatensis forests in this area have a long, rich history of forest management and have proven highly amenable to a wide range of silvicultural treatments, including partial harvesting and single tree selection.

In a new innovative partnership, Sustainable Timber Tasmania is working with Midway Tasmania, Australia's largest high quality wood fibre processor and exporter, to bring technically advanced, smart forest thinning operations to Tasmania's east coast.

Together, Midway Tasmania, Sustainable Timber Tasmania and forest contractor Orana Enterprises are conducting thinning operations in even aged-regrowth *delegatensis* forests using advanced mechanised technology in an effective, efficient practice – unique to this forest type and eucalypt species.

The forests these operations target are even aged as a result of prior clearfell harvesting operations in the 1970s and early 1980s. With these forests now ageing and becoming viable for

low-quality pulp product, thinning operations have commenced.

The first thinning operation will remove low-quality pulp logs whilst retaining the potential sawlogs. The second operation, some 10-15 years later, will remove a small volume of high-quality pole products.

In conjunction with this, steps will be taken to commence regeneration of the forest in and around the retained trees where natural regeneration hasn't already occurred.

Prior to the commencement of the operations, trials were conducted with different machine configurations to evaluate the level of damage to retained stems.

Due to the removal of lesser quality trees in these areas for pulp logs, the retained trees left in their native environment continue to grow. From this, trees have an increased likelihood of becoming high quality sawlog, given there are less trees to compete with for essential growing resources.

Long-term thinning practice will evolve the forests from even aged to multi-aged. This process is building complexity and structure into the landscape.

Meet Duncan, Matt and Michael

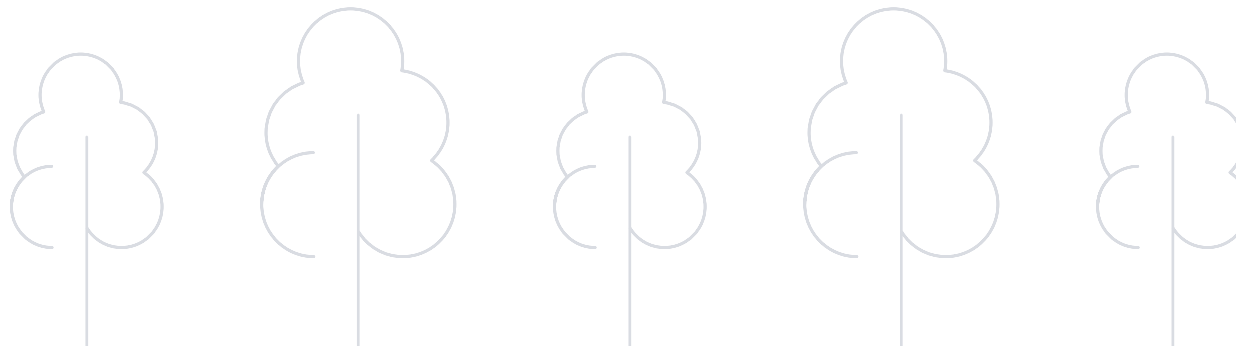
Matt Wood (centre) is Harvesting Coordinator at Sustainable Timber Tasmania, and works closely with Duncan Woods, Bush Boss at Orana Enterprises, and Midway Tasmania's Resource Manager, Michael Schofield.



This important work is a positive and productive step towards more frequent use of alternative harvesting methods suited to forest type and eucalyptus species, and at the same time providing an enhanced understanding of the unique east coast forest environment.


"This is an exciting and rewarding project to be involved with alongside Sustainable Timber Tasmania and Orana Enterprises. Sustainable Timber Tasmania provides excellent planning information and the forest contractor Orana Enterprises has made a large

investment in equipment and trained people, and they approach the work in a positive and co-operative manner. We are going back over the harvest and reforestation footprint from the 1970s and early 1980s, but this time using selective harvest to achieve a continuous canopy cover forestry. Importantly, we have adopted the improvements in environmental care achieved via the Forest Practices Code. There is a real opportunity to not only maintain, but to enhance, the broad spectrum of forest values."
– Michael Schofield,
Midway Tasmania's Resource Manager



TO FIND OUT MORE,
VISIT WWW.STTAS.COM.AU

Early detection of bushfires is pivotal

 Eaglehawk Neck,
Tasmania

Sustainable Timber Tasmania actively works alongside Tasmania Fire Service and Tasmania Parks and Wildlife Service to fight bushfires in Tasmania and is proud to work as part of the Inter-Agency Bushfire Management Protocol.

Together we collaborate on major projects to help further improve our joint capacity to detect, respond and manage bushfires.

Fire detection is managed through traditional and technological methods in Tasmania, and as technology continues to advance at a rapid speed, the capability of Tasmania's fire management agencies advances.

EYES IN THE SKY

Every summer, a courageous and passionate group of individuals across Tasmania keep watch over forests and local communities.

Climbing up flights of steep stair ladders and perched high – often hundreds, sometimes thousands of metres above sea level, fire tower operators keep watch all day, with their eyes trained on the horizon and on the lookout for smoke and fire.

Fire towers are a traditional form of bushfire watch across Tasmania, with commanding views over local communities. Most towers are unseen by the public and some have become disused over the years. However, a network of cornerstone fire towers still operate across the state.

Meet Owen

Owen Smith is one of Sustainable Timber Tasmania's 15 fire tower operators across the state. Owen keeps watch over his local community from the MacGregor's Peak Fire Tower.



The value of human eyes over the forest and local communities with a live stream of bushfire and weather intel is unmatched.

Sustainable Timber Tasmania is responsible for the management and operations of 11 working fire towers across the state.

"It's a traditional method but we cannot play down the value of having people in our fire towers each bushfire season."

– Dean Sheehan, Sustainable Timber Tasmania's Fire Management Manager

Fire tower operators report at least every hour on the hour to our Fire Duty Officers and Tasmania Fire Service's FireComm about weather conditions and possible smoke and flare ups on high fire danger days.

FireComm is a statewide communications and emergency dispatch area which receives emergency calls and coordinates the incident response.

"Being a fire tower operator is a huge responsibility. I was first to call in the Dunalley fires. I was up in the tower, and I saw a plume of smoke come up from Forcett. It wasn't like anything I had seen before and I knew it was big. I called it in right away to FireComm and the Sustainable Timber Tasmania Duty Officer."

– Owen Smith, MacGregor's Peak Fire Tower Operator

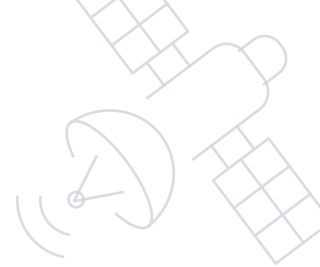
Owen, along with 14 other tower operators across Tasmania, is ready to do his bit again this season.





“Being a fire tower operator is a huge responsibility.”

– Owen Smith, Fire Tower Operator, MacGregor's Peak



SCANNING FROM SPACE

The development of new technology is set to transform how Tasmania's fire management agencies detect fire and importantly, help keep communities safe.

Sustainable Timber Tasmania has partnered with the Tasmania Fire Service and the Tasmania Parks and Wildlife Service to actively work with Orora Technologies (OroraTech)'s global wildfire intelligence service to work towards using fused satellite data to identify potential bushfire hot spots in real time.

The technology is providing the partnership with an important advantage and heightened capability to detect, respond and manage bushfires.

Amazingly, satellites orbit in space and use infrared cameras and on-orbit processing to relay communications to watch over Tasmanian landscapes.

Offering high precision thermal management solutions, the technology will identify heat on the ground and pinpoint its location, capture imagery and send all details to the relevant fire management organisation. The details will be communicated via emails and text alerts.

Improved accuracy and safety, enhanced situational awareness and enhanced time efficiencies are just a few of the ways this new technology will further improve the joint ability to detect bushfires early.




Meet Dean, Neil and Katy

Dean Sheehan, Fire Management Manager at Sustainable Timber Tasmania, along with Neil Brooksbank, Assistant Director State Operations at Tasmania Fire Service, and Katy Edwards, State Fire Manager at Tasmania Parks and Wildlife Service, have teamed up to help improve our response and management of bushfires.



TO FIND OUT MORE, VISIT WWW.STTAS.COM.AU





“Cuttings are taken from the Teepookana Plateau, and then carefully nurtured at our Perth nursery ready for planting. This year, more than 5,000 seedlings were grown to prepare for planting in spring.”

– Leigh Clark, Manager (Strahan),
Island Specialty Timbers

Planting for future generations



Teepookana Plateau,
Tasmania

The Teepookana Plateau on Tasmania's west coast is a remarkable place. It has a fascinating eclectic history and is a location that presents an ever-changing, challenging and complex terrain.

Huon pine is a highly valuable specialty timber favoured by craft makers and boat builders. For more than 25 years, Sustainable Timber Tasmania has salvaged Huon pine on the Teepookana Plateau from logs left behind from previous harvesting and from opportunistic salvage from Macquarie Harbour.

Some of the earliest reported organised harvesting of Huon pine on the Teepookana Plateau dates back to 1847 when penal gangs worked in Pine Cove. It is understood that harvesting then continued, unregulated, by settlers for many years.

Interestingly, G.S. Perrin (Tasmania's first 'Conservator of Forests') put a stop to the harvesting of Huon pine from 1882 to 1887 until formal regulations were put in place regarding the size and volume of trees allowed to be harvested.

Harvesting operations with horses continued well into the 1950s when small machines were introduced. In the 1960s, Bob Crane started work on the Plateau and is responsible for much of the roading network that exists today.

REGENERATING

Every spring, a small expert team from Sustainable Timber Tasmania makes the very special journey by train to the Teepookana Plateau to plant thousands of Huon pine seedlings by hand. The work is expansive and challenging, yet the future positive outcomes are evident.

The annual planting expedition is an important part of Sustainable Timber Tasmania's undertaking to salvage, rehabilitate and grow Huon pine for future generations.

"Cuttings are taken from the Teepookana Plateau, and then carefully nurtured at our Perth nursery ready for planting. This year, more than 5,000 seedlings were grown to prepare for planting in spring."

– Leigh Clark, Island Specialty Timbers Manager (Strahan)

A consistent planting program has been in place for the past four years, and the numbers of seedlings planted has increased from 1,100 to more than 5,000. To accompany this program, a new fertilising regime was introduced in the past two planting seasons that has demonstrated some extremely positive results.

Importantly, the work undertaken by Sustainable Timber Tasmania enables regeneration to reflect past and future areas salvaged.

Meet Ian and Leigh

Ian Bradshaw from Tasmanian Special Timbers with Leigh Clark, Island Specialty Timbers Manager (Strahan) at the sawmill in Lynchford.



Sustainable Timber Tasmania is currently undertaking work to determine future salvage areas on the Teepookana Plateau. Access to the Plateau, salvage harvesting methodology and machinery use and restoration activities are central to Sustainable Timber Tasmania's development and implementation of a future management approach for Huon pine.



TO FIND OUT MORE,
VISIT WWW.STTAS.COM.AU

Our Board



Rob de Fégely AM (Chairman)

BSc (Forestry), MSC (Forest Business Management), FAICD

Rob de Fégely AM is a founding Director for Margules Groome Consulting Pty Ltd, a forest and forest industry consulting company based in Australia and New Zealand.

Rob is Chair of the Commonwealth Government's Forest Industry Advisory Council.

Rob has worked in the Australian forestry industry for nearly 40 years and is a Registered Professional Forester with a Bachelor of Science, Forestry from the Australian National University and a Master of Science, Forest Business Management from Aberdeen University in the United Kingdom.

He is a Fellow of the Australian Institute of Company Directors and the Australian Rural Leadership Program.

Rob is an independent Director of Sustainable Timber Tasmania.



Suzanne Baker

BBus, BFA(Hons), DipFP, AdvDipNat, MFAD, FCPA, FAICD

Suzanne Baker is an experienced non-executive Director, Chair and Committee Member. She has extensive Board experience across a range of sectors including financial services (insurance), health administration, state and local Government, primary industries, waste management and arts industries.

Sue is a qualified accountant with primary expertise in financial management.

She is a Fellow of CPA Australia, a Fellow of the Australian Institute of Company Directors and has a Bachelor of Business and Masters in Fine Art and Design.

Sue is an independent Director of Sustainable Timber Tasmania.



Professor Mark Hunt

BAppSc(Hons), PhD, MBA, MIFA, GAICD

Professor Mark Hunt is a Professor of Forestry Science and Pro Vice Chancellor, Transformation at the University of Tasmania. Mark has nearly 30 years' experience in research and research management working with state and federal Governments and universities mainly in Tasmania and Queensland.

His experience has primarily been based in the forestry sector, including domestic and international work in industrial and small-scale contexts.

Mark has a Bachelor of Applied Science degree with first class Honours from the University of Tasmania, is a Doctor of Philosophy and holds an MBA.

Mark is a Graduate of the Australian Institute of Company Directors and a Member of the Institute of Foresters of Australia.

Mark is an independent Director of Sustainable Timber Tasmania.



Kathy Schaefer

PSM, GAICD, MBA

Kathy Schaefer is an experienced non-executive Director and former senior Government executive.

Kathy has over 30 years' experience working across Government portfolio areas of economic and industry development, infrastructure and major projects delivery, tourism, education, training and employment, land use planning and local Government.

Kathy is currently a non-executive Director of Cradle Coast Authority Tasmania and a Commissioner on the State Grants Commission.

Kathy is Chair of the Department of Treasury and Finance, Audit and Risk Committee and an independent Member of the Local Government Code of Conduct Panel.

She is a Graduate of the Australian Institute of Company Directors and a Member of the Tasmanian Divisional Council.

Kathy is an independent Director of Sustainable Timber Tasmania.



Therese Ryan

LLB, GAICD

Therese Ryan has extensive experience in the fields of commercial, legal and governance roles, having spent over 40 years as a lawyer.

Therese's most recent role was Vice President and General Counsel of General Motors International Operations in Shanghai. Since retiring from this role in 2010, Therese has built her experience as a non-executive Director and is currently the Deputy Chair of VicForests, Chair of Gippsland Water and non-executive Director of Bapcor Ltd.

Therese is an independent member of the Audit and Risk Committee for the City of Melbourne and serves on the Buxton Contemporary Museum Management Committee.

She has a Bachelor of Law degree from the University of Melbourne and is a Graduate of the Australian Institute of Company Directors.

Therese is an independent Director of Sustainable Timber Tasmania.



Kathryn Westwood

BCom, GAICD, FIPA, ASA, MRMIA

Kathryn Westwood is currently the Chair and President of RACT Ltd, RACT Holdings Pty Ltd and RACT Pty Ltd, and is an independent Director of RACT Insurance and Chair of Blue Line Laundry Inc.

Kathryn is an independent Chair of the Department of Premier and Cabinet, Risk and Audit Committee and a National Council Member of the Australian Automobile Association.

Kathryn has over 20 years' experience in commercial, finance and risk management roles within forestry, water, metals processing, insurance industries and local Government in Tasmania.

She has a Bachelor of Commerce degree from the University of Tasmania and is a Graduate of the Australian Institute of Company Directors.

Kathryn is an independent Director of Sustainable Timber Tasmania.



Board and Committee composition and meeting attendance

As at 30 June 2021, the Board had three Committees in operation:

Finance, Audit and Risk Management Committee (FARMC); Environment, Safety and Health Committee (ESHC); and Remuneration and Board Nomination Committee (RBNC).

Meeting attendance during the year:

	Board		FARMC		ESHC		RBNC	
	E	A	E	A	E	A	E	A
Mr Rob de Fégely	16	16	-	5	3	3	4	4
Prof. Mark Hunt	16	16	-	-	3	3	4	4
Ms Suzanne Baker	16	15	9	9	-	1	4	4
Ms Kathryn Westwood	16	16	9	9	-	-	4	4
Ms Therese Ryan	16	16	-	4	3	3	4	4
Ms Kathy Schaefer	16	16	9	9	-	3	4	4

E = eligible A = attended

Sustainably growing our business

Sustainable Timber Tasmania operates at a profit and supports businesses, jobs and communities across Tasmania.

This year, Sustainable Timber Tasmania has reported its fourth profit in four years.

Sustainable Timber Tasmania generated a net profit and total comprehensive income of \$3.9 million in 2020/2021, with positive cash flows and an underlying net profit of \$1.7 million despite the challenging business conditions faced during the year.

An overall reduction in gross profit margin (\$5.7 million) and government funding (\$2.0 million) offset by a significant reduction in the net costs in fire prevention and suppression activities (\$5.5 million) led to a reduction in underlying net profit of \$2.2 million when compared to 2019/2020.

During the year, Sustainable Timber Tasmania paid an ordinary dividend to the Government of \$2.0 million based on the 2019/2020 result and paid \$5.05 million to TasRail as a transfer of capital. The business has recommended a further ordinary dividend of \$2 million to be paid in 2021/2022 in respect of the 2020/2021 financial result.

Sustainable Timber Tasmania's financial sustainability is underpinned by an effective business model supported by cash reserves for future investment opportunities and to provide resilience against potential future risks.

This year:

Total comprehensive income

\$3.9 million

Underlying net profit

\$1.7 million

Operating cash flows

\$1.4 million

Ordinary dividend recommended on 2020/2021 financial result

\$2 million

Ordinary dividend paid on 2019/2020 financial result

\$2 million

Paid **\$5.05 million** to TasRail as a transfer of capital

Buying local:

98% of purchases were paid to

673 Tasmanian businesses,

totalling over **\$115 million**

Corporate Governance

Sustainable Timber Tasmania is a Government Business Enterprise with a Board of Directors responsible to the Tasmanian Minister for Resources and the Treasurer for the achievement of Sustainable Timber Tasmania's objectives.

The primary legislation governing Sustainable Timber Tasmania's management and operations are the *Government Business Enterprises Act 1995* and the *Forest Management Act 2013*.

The Board operates a governance framework that meets the Tasmanian Government Corporate Governance Guidelines and is consistent with the ASX Corporate Governance Principles (4th edition):

Principle 1: Lay solid foundations for management and oversight

The Board is responsible for Sustainable Timber Tasmania's overall direction, management, operation, performance and corporate governance. The Board has an approved Charter which together with the *Government Business Enterprises Act 1995* describes the roles and responsibilities of the Board, Chair, individual Directors, committees and the CEO. The content of the Board Charter meets the recommended content under Principle 1. An Authorisations Policy is in place to formalise delegations from the Board to CEO and management.

Through its Remuneration and Board Nomination Committee, each year the Board evaluates its own performance, the performance of the CEO and the performance of the General Management Team with the CEO.

Principle 2: Structure the Board to be effective and add value

In line with the Tasmanian Government's *Board Appointments Guidelines*, Directors' terms are generally three years. Directors are appointed by the Shareholding Ministers on recommendation from the Remuneration and Board Nomination Committee of the Board of Directors. The recommendation for appointment is made in line with the Tasmanian Government's Board Appointments Guidelines and Procedures. The Board has a skills matrix and succession plan to achieve a Board with a range of skills that will add the best value.

The CEO is not a member of the Board and the positions of Board Chair and CEO are held by different people.

The independence of each Director was assessed against the recommended criteria in Principle 2 during the year and the status of independence is recorded in each Director's biography.

Sustainable Timber Tasmania's Director induction and professional development programs are based on the Tasmanian Government's *Director Induction, Education and Training Guidelines*.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Sustainable Timber Tasmania has a Board-approved People and Culture Strategy, and Values which instil and reinforce a culture of acting lawfully, ethically and responsibly. The Board actively monitors the culture through reporting from the CEO.

The Board Charter commits the Board to acting with the highest ethical standards and Directors are expected to model both the spirit and intent of Sustainable Timber Tasmania's Code of Conduct. The content of the Code, combined with that of other charters and policies in place, enables Sustainable Timber Tasmania to meet the recommended content of ASX Principle 3.

Sustainable Timber Tasmania is also committed to complying with all relevant legislation, lawful directives of shareholders and company policies.

Sustainable Timber Tasmania is subject to the *Right to Information Act 2009* and the *Public Interest Disclosures Act 2002*. An Information Disclosure Policy is published on the organisation's website which describes the policy and procedure for obtaining information in-line with the requirements of both Acts.

Corporate Governance (continued)

Principle 4: Safeguard integrity of corporate reports

The Finance Audit and Risk Management Committee comprises three members, all of whom are non-executive Directors. The Committee Chair is not the Board Chair but is an independent non-executive Director with financial qualifications and experience. The qualifications, skills and expertise of committee members meet the suggested ASX Corporate Governance Principles' criteria for an audit committee.

The Charter of the Committee is approved by the Board and meets the recommended content for audit committees. The process for approving the annual financial statements includes declarations from the CEO and General Manager Corporate Services (CFO-equivalent) in relation to the proper maintenance of the financial records and the accurate representation of Sustainable Timber Tasmania's financial performance and position. Reference to these declarations is included in the Board's certification of the financial statements at the end of the Annual Report.

Both internal and external auditors attend committee meetings as necessary and the committee meets with both auditors without management present throughout the year.

Principle 5: Make timely and balanced disclosure

Under its Charter, one of the Board's key functions is to engage and communicate effectively with shareholders. This is conducted in accordance with the *Reporting Guidelines for Tasmanian Government Businesses* published by the Department of Treasury and Finance. In addition continual disclosures of material matters via routine briefings occur. The Board has processes in place to identify and escalate matters of significance, including those that may affect the value of Sustainable Timber Tasmania or may require shareholders to comment.

Principle 6: Respect the rights of security holders

The *Government Business Enterprises Act 1995* prescribes the rights and powers of shareholders while the Ministerial Charter specifies the shareholders' expectations of the Board and Sustainable Timber Tasmania, and the Statement of Corporate Intent summarises the key performance measures to be achieved each year. Requirements of the Tasmanian Government's *Reporting Guidelines* are incorporated into Sustainable Timber Tasmania's systems and processes so that shareholders are fully informed of financial and operating performance throughout the year.

Principle 7: Recognise and manage risk

Risk management is monitored and overseen by the Finance Audit and Risk Management Committee on behalf of the Board. The Committee's Charter meets the recommended content of Principle 7.

The Committee reviews the enterprise risk management framework to test whether it adequately identifies and mitigates actual and emerging risks for Sustainable Timber Tasmania, and reports to the Board on these issues at least annually.

The Environment, Safety and Health Committee assists the Board to manage Sustainable Timber Tasmania's environmental, safety and health risks. This Committee works within the approved risk management and compliance frameworks to ensure that these important areas are sufficiently monitored, reviewed and controlled.

Oversight of internal control systems, internal and external audit, and the insurance program also fall within the Finance Audit and Risk Management Committee's responsibilities.

Principle 8: Remunerate fairly and responsibly

The Board has a Remuneration and Board Nominations Committee comprising all non-executive Directors and chaired by the Board Chair. The Committee's role is to assist the Board in relation to executive remuneration strategies and policies, and to support both the Board and the Directors Selection Advisory Panel in relation to Board appointments. The content of the Committee's Charter meets the relevant aspects of Principle 8.

Remuneration for Non-Executive Directors is determined directly by shareholders in accordance with the Tasmanian Government Board and Committee Remuneration Framework. Sustainable Timber Tasmania's Executive Remuneration Policy is based on the Tasmanian Government's *Directors and Executive Remuneration Guideline*. The Guideline specifies the permissible components of executive remuneration, incentive programs, links to performance, and reporting and disclosure requirements. The Remuneration and Board Nominations Committee reviews and recommends to the Board all matters related to the CEO's remuneration, including short-term incentives, and the remuneration of the General Management Team.

Statement of Corporate Intent

Targets for 2020/2021

The Statement of Corporate Intent sets out the key financial and non-financial performance targets to be met by Sustainable Timber Tasmania in 2020/2021. The targets are agreed with Sustainable Timber Tasmania's shareholders. The 2020/2021 results compared to targets are presented in the following table.

Financial and Non-Financial Performance Targets

	Target 2020/21	Result 2020/21	Comment
Underlying net profit ¹ (\$ million)	\$0.7	\$1.9	Met target
Net cash flows from operations (\$ million)	\$9.9	\$1.7	Target not met
High quality eucalypt sawlogs (cubic metres)	120,000	115,400	Met customer demand
Special species sawlogs (cubic metres)	8,400	8,825	Met customer demand
Native forest regenerated (hectares)	4,700	4,656	Met required needs
Thinning of plantations for future sawlog production (hectares)	650	950	Met target
Forestry road construction to deliver customer commitments (kilometres)	Up to 55	41.3	Met required needs
Forestry road maintenance to deliver customer requirements, plus non-commercial maintenance to provide continued public access (kilometres)	Up to 4,000	2,840	Met required needs
Contribution to state prevention, preparation and detection of bushfires (percentage of employees trained and available)	≥ 70% of STT employees	84	Met target
Lost time injury frequency rate – employees	≤10	10.9	Target not met
Lost time injury frequency rate – contractors	≤20	9.77	Met target

1. Underlying net profit/loss is defined as the operating revenue less the operating expenditure.
2. The Financial Performance target and result for 2020/21 is presented on a parent entity basis. Information relating to the parent entity is disclosed in the Financial statements at Note G3.





1 October 2021

The Hon Guy Barnett
Minister for Resources
Level 5, Parliament Square
4 Salamanca Place
Hobart 7000



Statement of Compliance

Dear Minister,

In accordance with section 55 of the *Government Business Enterprises Act 1995*, we hereby submit for your information and presentation to Parliament, the Annual Report of Sustainable Timber Tasmania for the year ended 30 June 2021.

The Report has been prepared in accordance with the provisions of the *Government Business Enterprises Act 1995*.

Yours faithfully

Rob de Fégely AM
Chairman
Board of Sustainable Timber Tasmania

Steve Whiteley
Chief Executive Officer
Sustainable Timber Tasmania

Financial Statements 2020-2021

Sustainable Timber Tasmania
and its subsidiaries

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Directors' Report

The Directors' Report for Forestry Tasmania trading as Sustainable Timber Tasmania (the "Organisation") for the financial year ended 30 June 2021 has been prepared in accordance with the requirements of the *Government Business Enterprises Act 1995*.

The Directors' Report should be read in conjunction with the Organisation's audited Financial statements.

Directors

The Directors of the Organisation at any time during or since the end of the financial year are:

Board members	Position	Start Term	End Term
Rob de Fégely	Chairman	1 June 2016	N/A
Suzanne Baker	Director	15 December 2015	N/A
Prof. Mark Hunt	Director	22 December 2015	N/A
Kathryn Westwood	Director	1 August 2018	N/A
Therese Ryan	Director	1 July 2019	N/A
Kathy Schaefer	Director	1 February 2020	N/A

Principal activities

The Organisation's principal purpose is to manage and control all Permanent Timber Production Zone land and to undertake forest operations on Permanent Timber Production Zone land for the purpose of selling forest products.

Basis of presentation

During the year, the Board of Directors determined that presenting the Organisation's financial statements on a consolidated basis would provide information that is material about the financial position, financial performance and cash flows that is useful to the primary users of the financial statements.

Presenting the Organisation's financial statements on a consolidated basis represents a departure from presentation of the Organisation's financial statements on a parent entity basis that was applied for the financial year ended 30 June 2020.

Results

The Organisation recorded total comprehensive income of \$3,880,000 for the financial year ended 30 June 2021 as compared to the total comprehensive income of \$1,974,000 for the financial year ended 30 June 2020.

Going Concern basis for the preparation of the annual financial statements

The Board has resolved that it is appropriate to prepare the financial statements on a Going Concern basis.

Director and Executive Remuneration

The Organisation has complied with the Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration.

Dividends

The Organisation paid an Ordinary Dividend of \$2,000,000 under Section 84 of the *Government Business Enterprises Act 1995* on 30 November 2020.

The Board will advise the Treasurer and the Portfolio Minister of its recommendation for a dividend payable by the Organisation in respect of the 2020/2021 financial year within 60 days of the end of the financial year.

Events subsequent to balance date

There have not been any matters or circumstances since the end of the financial year that have significantly affected or may have significantly affected the operations of the Organisation, the results of those operations or the state of affairs of the Organisation.

Indemnification and insurance of Officers

The Organisation has paid insurance premiums in respect of Directors' and Officers' liability. The terms of the insurance policy prohibit disclosure of the total amount of the premiums and the nature of the liabilities covered.

Dated at Hobart, this 6th day of August 2021.

Signed in accordance with a resolution of Directors:



Rob de Fégely AM
Director



Kathryn Westwood
Director

Consolidated statement of Comprehensive Income

Sustainable Timber Tasmania
and its subsidiaries

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Revenue			
Revenue	B1(a)	124,835	175,449
Gain on sale of assets	B1(h)	80	-
Finance income	B1(g)	307	915
Biological asset valuation increment	C1	2,140	1,837
Total revenue		127,362	178,201
Expenses			
Expense from operations	B1(d),(e),(f)	(121,854)	(170,712)
Finance expense	B1(g)	(1,635)	(1,872)
Loss on sale or disposal of assets	B1(h)	-	(62)
Total expenses		(123,489)	(172,646)
Net profit/(loss) before tax		3,873	5,555
Income tax (expense)/benefit on net profit/(loss)	B2	(1,162)	(1,666)
Net profit/(loss) after tax		2,711	3,889
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Increase/(decrease) in the revaluation of land and buildings	D4	(41)	(1,549)
Gain/(loss) on remeasurement of defined benefit liability	E4	1,711	(1,247)
Income tax on revaluation of land and buildings	B2	12	507
Income tax on remeasurement of defined benefit liability	B2	(513)	374
Total items that will not be reclassified to profit or loss		1,169	(1,915)
Total comprehensive income/(expense) for the year attributable to the equity holders of the parent		3,880	1,974

The Consolidated statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the financial report.

Consolidated statement of Financial Position

Sustainable Timber Tasmania and its subsidiaries

As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current Assets			
Biological assets	C1	8,680	7,688
Cash and cash equivalents	D1(a)	11,132	17,632
Trade and other receivables	D2	8,316	9,889
Inventories	D3	15,536	16,161
Other financial assets	D5	21,480	30,900
Total Current Assets		65,144	82,270
Non Current Assets			
Biological assets	C1	177,820	175,612
Trade and other receivables	D2	84	84
Property, plant and equipment	D4	24,121	21,587
Other financial assets	D5	5	5
Total Non Current Assets		202,030	197,288
Total Assets		267,174	279,558
Current Liabilities			
Trade and other payables	D6 (a)	9,551	15,081
Lease liabilities	D6 (b)	954	542
Contract liabilities	D7	653	3,441
Re-establishment provision	C2	3,291	2,684
Employee benefits	E2	3,781	3,653
Total Current Liabilities		18,230	25,401
Non Current Liabilities			
Deferred tax liability	B2	20,159	18,498
Re-establishment provision	C2	6,721	8,455
Lease liabilities	D6 (b)	6,886	8,696
Contract liabilities	D7	6,255	6,321
Employee benefits	E3	29,753	29,848
Total Non Current Liabilities		69,774	71,818
Total Liabilities		88,004	97,219
Net Assets			
Equity			
Contributed equity		381,518	386,568
Reserves		5,095	5,124
Retained earnings/(Accumulated losses)		(207,443)	(209,352)
Total Equity		179,170	182,340

The Consolidated statement of Financial Position is to be read in conjunction with the accompanying notes to the financial report.

Consolidated statement of Cash Flows

Sustainable Timber Tasmania
and its subsidiaries

For the year ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Inflows:			
Cash receipts from customers		125,428	176,931
Government funding		12,000	15,357
Interest received		277	915
Outflows:			
Cash paid to suppliers and employees		(135,815)	(172,563)
Interest paid on leases		(456)	(499)
Net cash provided by/(used in) operating activities	D1(b)	1,434	20,141
Cash flows from investing activities			
Inflows:			
Proceeds from investment in other term deposits		15,000	-
Proceeds from sale of property, plant and equipment		714	607
Outflows:			
Payments for investment in other term deposits		-	(2,000)
Payments to suppliers and employees for biological assets		(3,959)	(8,648)
Payments for property, plant and equipment and other assets		(5,691)	(1,676)
Net cash provided by/(used in) investing activities		6,064	(11,717)
Cash flows from financing activities			
Outflows:			
Payments for other financial assets		(5,550)	-
Lease payments		(1,398)	(1,056)
Transfer of capital		(5,050)	-
Ordinary dividend		(2,000)	(2,000)
Net cash provided by/(used in) financing activities		(13,998)	(3,056)
Net increase/(decrease) in cash and cash equivalents held		(6,500)	5,368
Cash and cash equivalents at the beginning of the year		17,632	12,264
Cash and cash equivalents at the end of the year	D1(a)	11,132	17,632

The Consolidated statement of Cash Flows is to be read in conjunction with the accompanying notes to the Financial Statements.

Consolidated statement of Changes In Equity

Sustainable Timber Tasmania and its subsidiaries

For the year ended 30 June 2021

	Contributed Equity \$'000	Property & General Revaluation Reserve \$'000	Retained Earnings/ (Accumulated losses) \$'000	Total Equity \$'000
Balance at 30 June 2019	386,568	7,027	(211,230)	182,365
Total comprehensive income for the year				
Profit or loss	-	-	3,890	3,890
<i>Other comprehensive income</i>				
Increase/(decrease) in the revaluation of land and buildings	-	(1,903)	-	(1,903)
Transfer of revaluation increments on disposal of asset	-	-	861	861
Remeasurement defined benefit superannuation liability	-	-	(873)	(873)
<i>Total other comprehensive income</i>	-	(1,903)	(12)	(1,915)
Total comprehensive income for the year	-	(1,903)	3,878	1,975
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Dividends to equity holders	-	-	(2,000)	(2,000)
<i>Total contributions by and distributions to owners</i>	-	-	(2,000)	(2,000)
Balance at 30 June 2020	386,568	5,124	(209,352)	182,340
Balance at 30 June 2020	386,568	5,124	(209,352)	182,340
Total comprehensive income for the year				
Profit or (loss)	-	-	2,711	2,711
<i>Other comprehensive income</i>				
Increase/(decrease) in the revaluation of land and buildings	-	(29)	-	(29)
Remeasurement defined benefit superannuation liability	-	-	1,198	1,198
<i>Total other comprehensive income</i>	-	(29)	1,198	1,169
Total comprehensive income for the year	-	(29)	3,909	3,880
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Transfer of capital to equity holders	(5,050)	-	-	(5,050)
Dividends to equity holders	-	-	(2,000)	(2,000)
<i>Total transactions with owners</i>	(5,050)	-	(2,000)	(7,050)
Balance at 30 June 2021	381,518	5,095	(207,443)	179,170

The Consolidated statement of Changes In Equity is to be read in conjunction with the accompanying notes to the Financial Statements.

Section A: Corporate Information and Basis for Preparation

Sustainable Timber Tasmania
and its subsidiaries

A1 Details of reporting entities

The consolidated financial statements and notes thereto relate to Forestry Tasmania trading as Sustainable Timber Tasmania (the "Organisation") and its subsidiaries (collectively referred to as the "Group"). For the purposes of preparing the consolidated financial statements, the Organisation is a for-profit entity.

The Organisation is a State-owned Government Business Enterprise. The Organisation's principal purpose is to manage and control all Permanent Timber Production Zone land and to undertake forest operations on Permanent Timber Production Zone land for the purpose of selling forest products. The Organisation's Head Office is located at 99 Bathurst Street, Hobart, Tasmania. The Organisation also has regional offices throughout Tasmania.

The accounting policies set out below, unless specifically noted otherwise in individual notes, have been applied consistently to all periods presented in these financial statements.

A2 Statement of compliance

The consolidated financial statements of the Group are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the *Government Business Enterprises Act 1995* (GBE Act) and applicable Treasurer's Instructions. They have been prepared on the basis that the Group operates on a going concern basis.

The consolidated financial statements for the year ended 30 June 2021 were authorised for issue by the Board of Directors on 6 August 2021.

A3 Basis of preparation

The consolidated financial statements are prepared on the historical cost basis except for the following:

- Biological assets are measured at fair value less costs to sell in note C1;
- Right of use assets in note D4;
- Lease liabilities in note D6;
- Financial assets disclosed in note F1;
- Superannuation liabilities in note E1 and E4.

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group. All values are rounded to the nearest thousand unless otherwise stated.

The consolidated financial statements are compared to the consolidated financial statements for the prior 12-month period ended 30 June 2020.

The parent entity statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows for the period ended 30 June 2021 are compared to the financial statements for the period ended 30 June 2020 at note G3.

A4 Basis of consolidation

The Group's financial statements consolidate those of the parent entity and its controlled entities (subsidiaries) as at 30 June 2021. All subsidiaries have a reporting date of 30 June.

During the year, the Board of Directors determined that presenting the Group's financial statements on a consolidated basis would provide information that is now material about the financial position, financial performance and cash flows of the Group that is useful to the primary users of the financial statements. Presenting the Group's financial statements on a consolidated basis represents a departure from presentation of the Organisation's financial statements on a parent entity basis that was applied for the financial year ended 30 June 2020.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

A5 Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Section A: Corporate Information and Basis for Preparation (continued)

A5 Significant accounting judgements and estimates (continued)

The following significant judgements, estimates and assumptions are included in the financial statements:

- Note B1 describes the process applied by the Group to determine the timing of satisfaction of performance obligations and recognition of revenue;
- Note C1 describes the methodology applied to estimate the value of Biological assets;
- Note C2 describes the basis applied to estimate the value of the Re-establishment provision;
- Note D2 describes the use of judgement to assess indicators of impairment for Trade and other receivables;
- Note D4 describes depreciation, amortisation, impairment and revaluation of Property, plant and equipment;
- Note D6 describes the process applied by the Group to satisfy the recognition of Lease liabilities;
- Note E describes the methodology applied to estimate the value of defined benefit obligations (Employee Benefits) and other Employee Benefits;
- Note G8 describes the use of judgement to assess indicators of impairment for Financial assets.

A6 New standards adopted as at 1 July 2020

Accounting pronouncements which have become effective from 1 July 2020 and have therefore been adopted do not have a significant impact on the Group's financial performance or position.

A7 New standards not yet adopted

A number of new or amended standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted, however the Group has not yet early adopted the new or amended standards in preparing these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Group's financial statements:

- AASB 17 *Insurance Contracts* and AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts* (effective from 1 January 2023)
- AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128* and AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections* (effective from 1 January 2022 with editorial corrections in AASB 2017-5 applied from 1 January 2018)
- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective from 1 January 2022)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (effective from 1 January 2022)
- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (effective from 1 June 2021)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective from 1 January 2023).

B1 Operating Profit

B1(a) Disaggregated Revenue

Accounting policy

Revenue arises from the sale of forest products, lease agreements, licences and other forest management services and the performance of community service obligations.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer;
- 2 Identifying the performance obligations;
- 3 Determining the transaction price;
- 4 Allocating the transaction price to the performance obligations; and
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The total transaction price for a contract is allocated to the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of forest products

Revenue from the sale of forest products is recognised when the Group has transferred control of the assets to the customer. The transfer of control of the assets to the customer is deemed to be either when the timber is loaded at the landing or delivered to the mill door.

Revenue for products sold 'Free on Board' (FOB) is recognised when the ship departs port. Revenue for products sold 'Cost and Freight' (CRF) is recognised when the goods reach the destination port.

Sale of leases, licences and other forest management services

Revenue from leases, licences and other forest management services is recognised in proportion to the stage of completion of the transaction at the reporting date. The revenue received for the allocation of forestry rights are amortised over the term of the right and recognised in the period the obligation is performed.

Performance of Community Service Obligations

Government funding is received from the State to contribute towards the performance of Community Service Obligations. Revenue received for the performance of Community Service Obligations is recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the funding is intended to compensate.

Other Government funding

Government funding was received from the State under the Tasmanian Forest Agreement during the period 1 July 2013 and 30 June 2017. Revenue is recognised in the period that the performance obligation is satisfied.

Section B: Details on Financial Performance (continued)

B1 Operating Profit (continued)

B1(a) Disaggregated Revenue (continued)

	Note	Sale of forest products 2021 \$'000	Sale of leases, licences, insurance proceeds and other forest management services 2021 \$'000	Performance of Community Service Obligations 2021 \$'000	Other Government funding 2021 \$'000	Total 2021 \$'000
Type of goods or services						
Australia		101,984	8,296	12,000	2,555	124,835
Other countries		-	-	-	-	-
		101,984	8,296	12,000	2,555	124,835
Timing of revenue recognition						
Goods transferred at a point in time		101,984	235	-	2,555	104,774
Services transferred over time		-	6,935	12,000	-	18,935
Insurance proceeds	B1(c)	-	1,126	-	-	1,126
		101,984	8,296	12,000	2,555	124,835
Type of goods or services						
Australia		146,968	13,124	15,357	-	175,449
Other countries		-	-	-	-	-
		146,968	13,124	15,357	-	175,449
Timing of revenue recognition						
Goods transferred at a point in time		146,968	311	-	-	147,279
Services transferred over time		-	7,115	15,357	-	22,472
Insurance proceeds	B1(c)	-	5,698	-	-	5,698
		146,968	13,124	15,357	-	175,449

During the year, the Group received sales revenue of \$7,837,000 from the sale of forest products pursuant to co-mingled sales agreements (2020: \$48,776,000). The Group also incurred expenses of \$7,837,000 pursuant to the same sales agreements (2020: \$48,776,000). The expenses are included in Contractor and freight expenses at note B1 (d).

Section B: Details on Financial Performance (continued)

B1 Operating Profit (continued)

B1(a) Disaggregated Revenue (continued)

Performance of Community Service Obligations includes:

	2021 \$'000	2020 \$'000
Land management	8,000	10,000
Fuel reduction	2,000	2,000
Fire prevention	2,000	2,000
Re-imburement of fire-fighting costs	-	1,357
Total revenue from the performance of Community Service Obligations	12,000	15,357

B1(b) Net expense incurred in the performance of Fire Prevention Community Service Obligations

	2021 \$'000	2020 \$'000
Fire prevention	2,159	2,541
Net fire-fighting (income)/costs	(700)	4,457
Net costs incurred in the performance of Fire Prevention Community Service Obligation	1,459	6,998

Revenue received from performance of fire prevention community service obligations is included in revenue at B1(a). Expenses incurred in the performance of fire prevention community service obligations is included in expenses from operations at B1(d).

B1(c) Net income/(expense) from insurance proceeds

	2021 \$'000	2020 \$'000
Insurance proceeds	1,126	5,698
Expenses incurred in repairing and reinstating insured assets	(1,126)	(5,712)
Net income/(expense) from insurance proceeds	-	(14)
Expenses incurred in repairing and reinstating uninsured assets	416	558

Revenue received from insurance proceeds is included in revenue at B1(a). Expenses incurred repairing and reinstating insured and uninsured assets is included in expenses from operations at B1(d).

B1(d) Expenses from operations (continued)

	2021 \$'000	2020 \$'000
Contractor and freight expenses	83,893	129,847
Vehicle lease and associated costs	525	708
Property rental	260	39
Professional services	2,185	2,128
Consultancies	409	109
Local government rates	1,580	1,574
Property management	2,559	6,523
Equipment purchases and rentals	929	865
Office expenses	934	880
Information technology expense	1,393	1,081
Travel and accommodation	199	263
Operating lease rentals	269	330
Impairment of trade receivables	266	71
Impairment of non-current assets	-	100
Other expenses	3,568	3,284
	98,969	147,803

B1(e) Depreciation and amortisation expense

	2021 \$'000	2020 \$'000
Plant and equipment	950	385
Roads and road structures	2,296	2,485
Buildings and leasehold improvements	277	339
Right to use assets	1,360	1,338
	4,883	4,547

Section B: Details on Financial Performance (continued)

B1 Operating Profit (continued)

B1(f) Employee benefits expense

	Note	2021 \$'000	2020 \$'000
Salaries and wages		15,219	15,695
Other employment related expenses		246	229
Contribution to accumulation superannuation funds		1,469	1,446
Employee service cost for defined benefit scheme	E4	1,068	993
		18,002	18,363
Total expenses from operations, depreciation, amortisation and employee benefits expense		121,854	170,712

B1(g) Finance income and expense

Accounting policy

Finance income comprises gains on financial assets recognised in profit and loss from term deposits and other financial assets that is recognised in profit or loss (see note D5). Finance income is recognised in profit or loss as it accrues using the effective interest method.

Finance expense comprises finance charges recognised on operating leases, interest costs associated with the defined benefit liability and losses on hedging instruments. All finance expenses are recognised in profit or loss using the effective interest method, unless they relate to a qualifying asset, in which case they are capitalised.

	2021 \$'000	2020 \$'000
Recognised in profit or loss:		
Gain on financial assets	307	915
Total Finance income	307	915
Foreign exchange losses	(239)	(499)
Defined benefit liability interest costs	(940)	(874)
Finance charges – leased assets	(456)	(499)
Total Finance expense	(1,635)	(1,872)

B1(h) Gain/(loss) on sale or disposal of assets

	2021 \$'000	2020 \$'000
Gain/(loss) on sale or disposal of assets	80	(62)
Reconciliation of sale of assets	80	(62)
Asset cost	1,356	1,256
Written down value	634	669
Proceeds from sale	(714)	(607)
Gain/(loss) on sale or disposal of assets	80	(62)

Section B: Details on Financial Performance (continued)

B2 Taxation

Accounting policy

Income tax expense/(benefit) includes current and deferred tax. Income tax expense/(benefit) is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. The charge for current income tax expense is based on the profit/(loss) for the year adjusted for any non-assessable or non-deductible items or any adjustment to tax payable in respect to previous years. It is calculated using the tax rates that have been enacted or are substantively enacted by legislation at the balance date.

Deferred tax is calculated using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred tax is credited in the profit and loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

B2(a) Current tax(expense)/benefit

	2021 \$'000	2020 \$'000
Increase/(decrease) in deferred tax asset	(3,633)	3,887
(Increase)/decrease in deferred tax liability	1,970	(4,672)
Movement posted direct to other comprehensive income	513	(374)
Movement posted direct to equity reserve	(12)	(507)
	(1,162)	(1,666)

B2(b) Reconciliation between tax(expense)/benefit and pre-tax net profit/(loss)

	2021 \$'000	2020 \$'000
Profit/(loss) before tax	3,873	5,555
Income tax (expense)/benefit using the domestic tax rate of 30% (2020:30%)	(1,162)	(1,667)
Expenditure not allowable for income tax purposes	-	3
Add prior year under/over provision	-	(1)
Income tax (expense)/benefit on pre tax net profit	(1,162)	(1,665)

B2(c) Deferred tax balances

	2021 \$'000	2020 \$'000
<u>Assets</u>		
Non current	32,137	35,768
<u>Liabilities</u>		
Non current	(52,295)	(54,266)
Net deferred tax asset/(liability)	(20,158)	(18,498)

Section B: Details on Financial Performance (continued)

B2 Taxation (continued)

B2(d) Reconciliation of deferred tax balances

	Opening balance \$'000	Under/Over \$'000	Charged to Statement of Comprehensive Income \$'000	Transferred from subsidiary \$'000	Charged to equity \$'000	Closing balance \$'000
2021						
Deferred tax assets						
Employee benefits	10,033	-	10	-	-	10,043
Other	6,592	-	(4,210)	-	-	2,382
Property, plant, equipment and land	14,106	-	(2,119)	-	12	11,999
Deferred tax losses	4,942	-	2,636	-	-	7,578
Provision for Doubtful Debts	95	-	40	-	-	135
Transfer - deferred tax liability	(35,768)	-	-	-	-	(32,137)
Total	-	-	(3,643)	-	12	-
Deferred tax liabilities						
Biological assets	(49,668)	-	(580)	-	-	(50,248)
Inventories	(1,506)	-	(219)	-	-	(1,725)
Property, plant, equipment and land	(3,092)	-	2,770	-	-	(322)
Transfer - deferred tax asset	35,768	-	-	-	-	32,137
Total	(18,498)	-	1,971	-	-	(20,158)
Net deferred tax assets/(liabilities)	(18,498)	-	(1,672)	-	12	(20,158)
2020						
Deferred tax assets						
Employee benefits	9,042	-	991	-	-	10,033
Other	5,808	-	784	-	-	6,592
Property, plant, equipment and land	11,448	-	2,151	-	507	14,106
Deferred tax losses	5,584	-	(642)	-	-	4,942
Provision for Doubtful Debts	-	-	95	-	-	95
Transfer - deferred tax asset	(31,882)	-	-	-	-	(35,768)
Total	-	-	3,379	-	507	-
Deferred tax liabilities						
Biological assets	(48,105)	-	(1,563)	-	-	(49,668)
Inventories	(1,419)	-	(87)	-	-	(1,506)
Property, plant, equipment and land	-	-	(3,092)	-	-	(3,092)
Other	(70)	-	70	-	-	-
Transfer - deferred tax asset	31,882	-	-	-	-	35,768
Total	(17,712)	-	(4,672)	-	-	(18,498)
Net deferred tax assets/(liabilities)	(17,712)	-	(1,293)	-	507	(18,498)

Section B: Details on Financial Performance (continued)

B3 Dividends

Accounting policy

The Organisation may declare an ordinary dividend in accordance with its statutory requirements as determined under Part 11, Division 2 of the Government Business Enterprises Act (1995).

An ordinary dividend of \$2 million was paid during the 2020/21 financial year in relation to 2019/20 results (2020: \$2 million).

The Board will advise the Treasurer and the Portfolio Minister of its recommendation in respect of a dividend payable by the Organisation, if any, in respect of the 2020/2021 financial year within 60 days of the end of the financial year.

Section C: The Forest Estate

Sustainable Timber Tasmania
and its subsidiaries

C1 Biological Assets

Accounting policy

The forest estate is valued as a whole, incorporating standing timber, land and roads.

The forest estate value is measured at fair value less costs to sell, with any changes in value recognised in the Statement of Comprehensive Income under 'biological asset valuation increment/(decrement)'. Rights to plantations at harvest date pursuant to Tree Farm Agreements are valued using the same methodology.

The discounted cash flow approach involves applying a discounted cash flow analysis to estimate the net annual income derived from the forest estate in each year of the projected holding period of the asset.

The Group has recognised a provision equivalent to the expected costs of re-establishment to recognise its obligation to re-establish harvested coupes. The provision is calculated based on the harvested area and relevant treatment costs. The provision results in the creation of a separate make good asset identified under biological assets. The value of the make good asset is treated as a reallocation between the forest and the make good asset.

The carrying value of roads is determined using a future income model approach. Roads form part of the biological asset. As such, any decrease in road value is reclassified as an increase in forest estate value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each road. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful life for the current and comparative periods for roads and road structures ranges between 1 and 20 years.

The Group has exclusive management rights over Permanent Timber Production Zone (PTPZ) land including special timber zones.

The Group does not hold freehold title over the majority of PTPZ land but is deemed to control the land pursuant to the Forest Management Act (2013). Any value attributed to land is therefore discounted to a nil value.

A discounted cash flow approach is applied to estimate the enterprise value and obligations of the forest estate, roads and land.

The forest estate value reflects the quantities available for harvest under the Forest Management Act (2013). A market derived discount rate of 8.5% (2020: 8.5%) is then used to discount the net annual income to determine a present value of the existing forest crop in accordance with the requirements of AASB 141 Agriculture to value the biological assets.

	2021 \$'000	2020 \$'000
Current		
Standing timber at valuation	8,680	7,688
Non current		
Standing timber at valuation	158,949	156,882
Roads and road structures	8,859	7,591
Re-establishment of make good assets	10,012	11,139
	177,820	175,612
	186,500	183,300

Reconciliation of biological assets	Forest \$'000	Make Good \$'000	Roads \$'000	Total \$'000
Carrying amount as at 1 July 2020	164,570	11,139	7,591	183,300
Additions	-	3,412	3,603	7,015
Net movement work in progress	919	(4,539)	564	(3,056)
Depreciation	-	-	(2,296)	(2,296)
Adjustments	-	-	(603)	(603)
Revaluation	2,140	-	-	2,140
Carrying amount as at 30 June 2021	167,629	10,012	8,859	186,500
Carrying amount as at 1 July 2019	162,177	8,321	4,802	175,300
Additions	556	5,441	5,536	11,533
Net movement work in progress	-	(2,623)	(262)	(2,885)
Depreciation	-	-	(2,485)	(2,485)
Revaluation	1,837	-	-	1,837
Carrying amount as at 30 June 2020	164,570	11,139	7,591	183,300

The carrying amount of roads was adjusted by \$603,000 which included the capital component of roads constructed pursuant to the Tasmanian Forestry Agreement included in Contract liabilities at Note D7 (\$570,000) that was acquitted during the year.

Section C: The Forest Estate (continued)

C2 Re-establishment provision

Accounting policy

The Group recognises an obligation to re-establish harvested coupes at the conclusion of harvesting activities by setting aside a provision equivalent to the expected costs of re-establishment. The provision is based on harvested area and estimated treatment costs. Re-establishment is assessed and costs are estimated during the 3-year period from completion of harvesting activities.

The provision results in the creation of a make good asset identified under the biological asset class. The value of the make good asset is treated as a reallocation between the forest and the make good asset. The provision is apportioned between current and non-current liabilities based on the expected timing of re-establishment activities.

The Group has also issued forestry rights and has an obligation to re-establish coupes when the land has been handed back at the expiry of the right.

	2021 \$'000	2020 \$'000
Current	3,291	2,684
Non current	6,721	8,455
	10,012	11,139

Section D: Details on Financial Position Items

Sustainable Timber Tasmania
and its subsidiaries

D1 Cash and cash equivalents

Accounting policy

Cash and cash equivalents are classified as available-for-sale financial assets and measured at fair value subsequent to initial recognition, which is the face value of the cash. Cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits with an original maturity date of 90 days or less. Term deposits with an original maturity date of between 91 days and 365 days are disclosed as other financial assets at D5. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

D1(a) Reconciliation of cash and cash equivalents

	2021 \$'000	2020 \$'000
For the purposes of the cash flow statements, cash and cash equivalents comprise the following as at 30 June:		
Cash at bank	2,178	1,673
Short-term deposits	8,950	15,955
Floats and advances	4	4
	11,132	17,632

D1(b) Reconciliation of comprehensive income/(expense) after tax to net cash flows from operations

	2021 \$'000	2020 \$'000
Net profit/(loss) after tax	2,711	3,889
Add/(less) items classified as investing/financing activities:		
(Profit)/loss on disposal of non current assets	(80)	62
(Profit)/loss on other financial assets	(30)	-
Add/(less) non-cash items:		
Biological asset valuation (increment)/decrement	(2,140)	(1,837)
Depreciation and amortisation	4,883	4,547
Impairment of trade receivables	266	71
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	1,307	12,715
(Increase)/decrease in inventories	625	(2,697)
Increase/(decrease) in trade and other payables	(5,530)	(3,818)
Increase/(decrease) in contract liabilities	(2,788)	18
Increase/(decrease) in deferred tax	1,162	1,666
Increase/(decrease) in provisions	1,048	5,425
Net cash provided by operating activities	1,434	20,041

Section D: Details on Financial Position Items (continued)

D1 Cash and cash equivalents (continued)

D1(c) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

	Lease liabilities \$'000	Total \$'000
Carrying amount as at 1 July 2019	-	-
Impact of the adoption of AASB 16 Leases	9,721	9,721
Changes from financing cash flows:		
Cash received	-	-
Cash payments	(483)	(483)
Balance as at 30 June 2020	9,238	9,238
Carrying amount as at 1 July 2020	9,238	9,238
Changes from financing cash flows:		
Cash received	-	-
Cash payments	(1,398)	(1,398)
Balance as at 30 June 2021	7,840	7,840

D2 Trade and other receivables

Accounting policy

Trade and other receivables are recognised on performance of the Group's obligations and measured at fair value. All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value. Collection terms are generally between 30-90 days for trade receivables. The average debtor days at 30 June 2021 was 41 days (2020: 49 days).

All of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an (allowance)/reversal for credit losses of \$266,000 (2020: \$247,000) has been recognised within other expenses.

	2021 \$'000	2020 \$'000
Current		
Trade and other receivables	6,632	8,965
Less provision for impairment	(953)	(821)
Accrued revenue	1,473	632
Less provision for impairment	(134)	-
Prepayments	1,298	1,113
Total current receivables	8,316	9,889
Non current		
Other	84	84
Total non current receivables	84	84

D3 Inventories

Accounting policy

Inventories are measured at the lower of cost and net realisable value. Net realisable value is determined based on each inventory line's normal selling pattern. Costs of inventory include those expenses incurred in bringing inventory items to their present location and condition and include the following:

- raw materials - purchase cost or costs of direct materials and labour and a proportion of overheads;
- finished goods and work in progress - costs of direct materials and labour and a proportion of overheads.

	2021 \$'000	2020 \$'000
Gravel stocks at cost	2,714	2,502
Seed and seedlings at cost	2,734	2,259
Harvested timber at cost	9,816	11,141
Stores general at cost	272	259
	15,536	16,161

Section D: Details on Financial Position Items (continued)

D4 Property, plant and equipment

Accounting policy

Land, buildings and leasehold improvements are measured at fair value less accumulated depreciation and accumulated impairment losses recognised after the date of the revaluation. Land and buildings are classed as Level 2 assets under the fair value measurement standard.

Non-current assets measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset does not differ materially from fair value at reporting date. Periodic reviews are completed for specifically identified land and buildings every 3 to 5 years by an independent valuer. Other land and building assets are valued using Capital Value Adjustment Factors supplied from the office of the Valuer General. Revaluation increments are recognised in the asset revaluation reserve except for amounts reversing a decrement previously recognised as an expense, which are recognised as revenues in other comprehensive income. Revaluation decrements are only offset against revaluation increments relating to the same asset. Any excess is recognised as an expense.

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Borrowing costs related to the acquisition or construction of qualifying assets are included as a directly attributable cost of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss (in other income) in the year the asset is derecognised. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

The capitalisation threshold for plant and equipment is \$1,000 and \$5,000 for all other classes of non-current assets. All land transactions are capitalised.

Freehold land and buildings are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's-length transaction, having regard to the highest and best use of the asset for which other parties would be willing to pay.

The valuation as at 30 June 2021 for major assets was determined by an independent valuer, the Valuer General, on the basis of open market values for existing use of specific assets. Subsequent movements in these assets are determined by applying the Capital Value Adjustment Factors obtained from the office of the Valuer General.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by the Group. The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives;
- any initial direct costs incurred by the lessee;
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of property and equipment. Depreciation of plant and vehicles has been recognised in the profit or loss on a diminishing value basis.

Assets under lease are amortised over the shorter of the lease term and the useful life unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 10 to 40 years;
- plant and equipment 2 to 15 years;
- land is not depreciated.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Organisation depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Organisation depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Section D: Details on Financial Position Items (continued)

D4 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment assets

	Land \$'000	Buildings \$'000	Right-of-use assets \$'000	Plant & equipment \$'000	Capital work in progress \$'000	Total \$'000
Carrying amount at 1 July 2019	2,300	9,663	-	2,523	84	14,570
Opening carrying value on adoption of AASB 16 Leases	-	-	9,721	-	-	9,721
Additions	-	-	584	593	1,092	2,269
Disposals	(62)	(589)	-	(18)	-	(669)
Revaluation	(631)	(604)	-	-	-	(1,235)
Revaluation decrement	-	(314)	-	-	-	(314)
Impairment	(100)	-	-	-	-	(100)
Movement in work in progress	-	-	-	-	(593)	(593)
Depreciation	-	(339)	(1,338)	(385)	-	(2,062)
Carrying amount at 30 June 2020	1,507	7,817	8,967	2,713	583	21,587
Carrying amount at 1 July 2020	1,507	7,817	8,967	2,713	583	21,587
Additions	420	1,632	135	3,188	5,728	11,102
Disposals	-	-	(489)	(31)	(114)	(634)
Reallocation	-	(4)	-	109	1	106
Revaluation	97	(138)	-	-	-	(41)
Movement in work in progress	-	-	-	-	(5,411)	(5,411)
Depreciation	-	(277)	(1,360)	(950)	-	(2,587)
Carrying amount at 30 June 2021	2,024	9,029	7,253	5,028	786	24,121
Depreciated replacement cost of assets 30 June 2021	1,806	7,735	-	3,342	-	12,883

Section D: Details on Financial Position Items (continued)

D5 Financial assets

Accounting policy

Other term deposits

Other term deposits are fixed interest term deposits with an original maturity date of between 91 days and 365 days. Term deposits with an original maturity date of 90 days or less are disclosed as cash and cash equivalents at note D1.

Other financial assets

Other financial assets represent timber purchased under agreement where the seller has the enforceable option to repurchase the timber within 15 months of sale. The gain on financial assets is recognised in profit and loss at note B1(g).

Investment in public company

The investment in public company represents equity investments held in an Australian unlisted public company.

	2021 \$'000	2020 \$'000
Current		
Other term deposits	15,900	30,900
Other financial assets	5,580	-
Total current financial assets	21,480	30,900
Non current		
Investment in public company	5	5
	5	5

D6 (a) Trade and other payables

Accounting policy

Trade and other payables are stated at their amortised cost and are considered to be a reasonable approximation of fair value. Trade payables are short term, non-interest bearing and are generally settled within 30-day terms.

	2021 \$'000	2020 \$'000
Current		
Trade creditors and other payables	6,623	9,585
Accrued expenses	2,928	5,496
Total current payables	9,551	15,081

D6 (b) Lease liabilities

Accounting policy

The Group recognises a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as e.g. sale volume in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in the profit and loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract. The lease term determined by the Organisation comprises:

- non-cancellable period of lease contracts;
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option;
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect lease payments made; and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

	2021 \$'000	2020 \$'000
Current	954	542
Non current	6,886	8,696
	7,840	9,238
Reconciliation of movement through the year:		
Carrying amount at 1 July	9,238	-
Adoption of AASB 16 Leases	-	9,721
Interest expense	456	499
Payments	(1,854)	(982)
Carrying amount at 30 June	7,840	9,238

Section D: Details on Financial Position Items (continued)

D7 Contract liabilities

Accounting policy

Contract liabilities included funds received under the Tasmanian Forest Agreement (TFA). During the year, the Group completed the acquittal of qualifying expenditure pursuant to the funding agreement and has no further performance obligations under the agreement (2020: \$3,025,000). Revenue of \$2,555,000 was recognised in profit and loss as Other Government funding during the year (2020: \$Nil).

Contract liabilities also includes deferred income pursuant to forestry rights over a 99 year term where income is proportionally recognised in comprehensive income over the term of the right.

	2021 \$'000	2020 \$'000
Current	653	3,441
Non Current	6,255	6,321
	6,908	9,762
	2021 \$'000	2020 \$'000
Tasmanian Forest Agreement		
Opening balance	3,025	3,025
Receipts	-	-
Revenue recognised in comprehensive income	(2,455)	-
Capital component derecognised on acquittal	(570)	-
Closing balance	-	3,025
Deferred income - forestry rights		
Opening balance	6,320	6,386
Receipts	-	-
Revenue recognised in comprehensive income	(66)	(66)
Closing balance	6,254	6,320
Other Contract liabilities		
Opening balance	417	398
Receipts	337	19
Revenue recognised in comprehensive income	(100)	-
Closing balance	654	417
Closing balance as at 30 June 2021	6,908	9,762

D8 Interest bearing liabilities

Accounting policy

As part of the Tasmanian Government's response to the COVID-19 pandemic, the Treasurer has ensured that all Government businesses have access to sufficient funding and on 15 June 2020 the Treasurer provided explicit support to the Tasmanian Public Finance Corporation for the Group's maximum borrowing limit of \$5 million.

The facility is secured by a floating charge over the Group's trade and other receivables.

The carrying amount of trade and other receivables which the Group has pledged as security is \$6,632,000 (2020: \$8,965,000).

The facility limit remains in place at 30 June 2021 although the Group has not required the use of the facility during the financial years ended 30 June 2020 or 2021.

The Group also has a A\$2 million multi-currency overdraft facility to facilitate foreign currency transactions (2020: A\$2,000,000) and a \$500,000 credit card facility limit.

The overdraft facility was undrawn at 30 June 2021 (2020: undrawn). The credit card facility was drawn in the amount of \$102,000 at 30 June 2021 (2020: \$138,000).

The full amount payable on credit cards is included in current liabilities as this is payable within 31 days before interest is charged. After this date, the payable bears interest at 17.99% pa (2020: 17.99% pa) payable monthly.

Financing arrangements

	2021 \$'000	2020 \$'000
The Organisation has access to the following lines of credit:		
Total facilities available:		
Credit cards	500	500
Multi currency overdraft facility	2,000	2,000
Loan facility - secured	5,000	5,000
	7,500	7,500
Facilities used at balance date:		
Credit cards	102	138
Multi currency overdraft facility	-	-
Loan facility - secured	-	-
	102	134
Facilities not utilised at balance date:		
Credit cards	398	362
Multi currency overdraft facility	2,000	2,000
Loan facility - secured	5,000	-
	7,398	2,362

Section E: Employee Entitlements

Sustainable Timber Tasmania
and its subsidiaries

E1 Employee benefits

Accounting policy

Superannuation

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Organisation's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

An independent actuarial assessment of the Group's unfunded superannuation liability has determined the overall obligation to current and past employees. The actuary uses the 'Projected Unit Credit' method to determine the unfunded superannuation liability.

The discount rate is the yield at the reporting date based on AA credit-rated or government bonds that have maturity dates approximating the terms of the Organisation's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it realisable during the life of the plan, or on settlement of the plan liabilities.

The accounting standard states that the discount rate used to value employee benefit liabilities should be based on the yield on high quality corporate bonds if a deep market for these bonds exists (if not, the discount rate should be based on government bond yields). It has been determined that a liquid market does exist. On this basis the Defined Benefit Obligation at 30 June 2021 is based on a corporate bond yield of 3.20% (2020: 3.15%).

The Group recognises as an expense in the current period the cost of contributions and the detailed expense figures as advised by the actuary. The actuarial gains and losses for the period are recognised in other comprehensive income.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. The superannuation liability is determined by a Treasury-appointed independent Actuary.

Annual leave

Liabilities for annual leave expected to be settled within 12 months of the year end represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on wage and salary rates that the business expects to pay as at reporting date including related on costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

In calculating the liability, consideration has been given to future increases in wage and salary rates, including on costs, and takes into account the Group's experience with staff departures. The discount rates utilised in the calculation of the liability are provided by Treasury and are equivalent to an Australian Government bond rate.

All vested long service leave is shown as a current liability.

Workers compensation

The Group is a self-insurer for workers compensation. The provision for workers compensation is set at a level to cover estimated medical expenses, compensation payments and likely common law settlements for reported claims as at 30 June 2021. The provision also includes an allowance for incurred but unreported claims at 30 June 2021.

Sick leave

No liability has been recognised for sick leave as any entitlement to sick leave is non-vesting.

Section E: Employee Entitlements (continued)

E2 Current employee benefits

	2021 \$'000	2020 \$'000
Annual leave	1,226	1,173
Long service leave	1,916	1,860
Superannuation defined benefit scheme	576	568
Workers compensation	63	52
	3,781	3,653

E3 Non-current employee benefits

	2021 \$'000	2020 \$'000
Long service leave	170	142
Superannuation defined benefit scheme	29,583	29,706
	29,753	29,848
Assumed rate of increase in wages and salaries rates	3.00%	3.00%
Discount rate used in the calculation of the long service leave provision ranges from 2.47% to 4.01% (2020 range 2.47% to 4.01%).		
Settlement terms (years) - long service leave	10 years	10 years

E4 Superannuation liability

	2021	2020
Key assumptions		
Assumptions to Determine Defined Benefit Cost		
Discount rate (active members)	3.15%	3.25%
Discount rate (pensioners)	3.15%	3.25%
Expected rate of increase of compulsory preserved amounts	3.00%	3.00%
Expected salary increase rate	3.00%	3.00%
Expected pension increase rate	2.25%	2.50%
Assumptions to Determine End of Year Defined Benefit Obligation		
Discount rate (active members)	3.20%	3.15%
Discount rate (pensioners)	3.20%	3.15%
Expected salary increase rate	3.00%	3.00%
Expected rate of increase of compulsory preserved amounts	3.00%	3.00%
Expected pension increase rate	2.25%	2.25%

Sensitivity analysis

Scenario A - 1.0% pa lower discount rate assumption
Scenario B - 1.0% pa higher discount rate assumption
Scenario C - 1.0% pa lower expected pension increase rate assumption
Scenario D - 1.0% pa higher expected pension increase rate assumption

	Base Case	Scenario A	Scenario B	Scenario C	Scenario D
Discount rate (pa)	3.20%	2.20%	4.20%	3.20%	3.20%
Pension increase rate (pa)	2.25%	2.25%	2.25%	1.25%	3.25%
Defined benefit obligation (A\$'000s)	35,158	41,689	30,079	31,811	39,295

Section E: Employee Entitlements (continued)

E4 Superannuation liability (continued)

Profit or loss impact

	2021 \$'000	2020 \$'000
Current service cost	1,068	993
Net interest	940	874
Past service cost	-	-
Gain/loss on settlements	-	-
Defined benefit cost recognised in profit or loss	2,008	1,867
Other comprehensive income		
Actuarial (gains) losses	(1,433)	1,075
Actuarial return on plan assets less interest income	(278)	172
(+) Adjustment for effect of asset ceiling	-	-
Total remeasurements recognised in other comprehensive income	(1,711)	1,247
Reconciliation of the Net Defined Benefit Liability/(Asset)		
Defined Benefit Obligation	35,158	34,572
Fair value of plan assets	(4,999)	(4,298)
Deficit/(surplus)	30,159	30,274
Adjustment for effect of asset ceiling	-	-
Net defined benefit liability/(asset)	30,159	30,274
Current net liability	576	568
Non-current net liability	29,583	29,706

Reconciliation of the Fair Value of Scheme Assets

	2021 \$'000	2020 \$'000
Fair value of plan assets at beginning of the year	4,298	4,062
Interest income	139	135
Actual return on plan assets less interest income	278	(172)
Employer contributions	412	121
Contributions by plan participants	356	293
Benefits paid	(483)	(141)
Taxes, premiums and expenses paid	(1)	-
Transfers out	-	-
Contributions to accumulation section	-	-
Settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of the year	4,999	4,298

Reconciliation of the Defined Benefit Obligation

	2021 \$'000	2020 \$'000
Present value of defined benefit obligation at beginning of the year	34,572	31,343
Current service cost	1,068	993
Interest cost	1,079	1,009
Contributions by plan participants	356	293
Actuarial (gains)/losses arising from changes in demographic assumptions	-	(338)
Actuarial (gains)/losses arising from changes in financial assumptions	(288)	(306)
Actuarial (gains)/losses arising from liability experience	(1,145)	1,719
Benefits paid	(483)	(141)
Taxes, premiums and expenses paid	(1)	-
(-) Transfers out	-	-
(-) Contribution by owner	-	-
(+) Past service cost	-	-
(+) Gain/loss on settlements	-	-
(+) Settlements	-	-
(+) Exchange rate changes	-	-
	35,158	34,570

Section E: Employee Entitlements (continued)

E4 Superannuation liability (continued)

Fair value of scheme assets Asset Category	Total	Quoted prices in active markets for identical assets - Level 1	Significant observable inputs - Level 2	Unobservable inputs - Level 3
Cash Deposits	-	-	-	-
Australian Equity	790	-	790	-
International Equities	1,000	-	1,000	-
Infrastructure	650	-	165	485
Diversified fixed interest	1,244	-	1,244	-
Property	945	-	70	875
Alternative Investments	370	-	370	-
Total	4,999	-	3,639	1,360

The maturity profile at 30 June 2021 is 16.8 years.

Expected employer contributions for the year ended 30 June 2021 are \$576,000 (30 June 2020: \$568,000)

Section E: Employee Entitlements (continued)

E4 Superannuation liability (continued)

	2021 \$'000	2020 \$'000
Current service cost		
1 Total current service cost at beginning of year	(1,380)	(1,246)
2 Interest for the year	(43)	(40)
3 Expected contributions tax and expenses	(1)	-
4 Expected employee contributions	356	293
5 Expected change in contributions tax provision	-	-
6 Accumulation contributions met from surplus	-	-
7 Current service cost	(1,068)	(993)
Interest expense		
1 Defined benefit obligation at beginning of year	34,572	31,343
2 Expected distributions	(667)	(624)
a. Weighted timing	(334)	(313)
3 Average defined benefit obligation (1-2a)	34,238	31,030
4 Discount rate	3.15%	3.25%
5 Interest expense (3 x 4)	(1,079)	(1,009)
Interest income		
1 Fair value of plan assets at beginning of year	4,298	4,062
2 Expected employer contributions	568	534
a. Weighted for timing	284	267
3 Expected employee contributions	356	293
a. Weighted for timing	178	147
4 Expected distributions during year	667	624
a. Weighted for timing	334	313
5 Expected expenses, tax and insurance premiums	1	-
a. Weighted for timing	1	-
6 Average expected fair value of assets (1+2a+3a-4a-5a)	4,425	4,164
7 Discount rate	3.15%	3.25%
8 Interest income (6x7)	139	135
Net interest		
1 Interest expense	(1,079)	(1,009)
2 Interest income	139	135
3 Net interest (1-2)	(940)	(874)
Actuarial (Gains)losses (recognised in Other Comprehensive Income)		
1 Actuarial (gain)/loss on Defined Benefit Obligation - experience	(1,145)	1,719
2 Actuarial (gain)/loss on Defined Benefit Obligation - change in demographic assumptions	-	(338)
3 Actuarial (gain)/loss on Defined Benefit Obligation - change in financial assumptions	(288)	(306)
4 Actuarial (gain)/loss (1+2+3)	(1,433)	1,075

Section E: Employee Entitlements (continued)

E5 Key management personnel compensation and other disclosures

Remuneration principles

Key management personnel are determined to be the Organisation's Directors and the members of the General Management Team.

Non-executive Director remuneration

Non-executive Directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be re-appointed in accordance with the relevant *Guidelines for Tasmanian Government Businesses - Board Appointments*. The level of fees paid to non-executive Directors is administered by the Department of Premier and Cabinet, as is additional fees paid in respect of their work on Board committees.

Superannuation is paid at the appropriate rate as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of reasonable expenses incurred.

Executive remuneration

Remuneration levels for key management personnel are set in accordance with the *Director and Executive Remuneration Guidelines*. Under these Guidelines, remuneration bands for Chief Executive Officers (CEOs) are determined by the Government Business Executive Remuneration Panel, reflect the principles outlined in the Guidelines, and broadly align with State Service Heads of Agency. Positioning within the bands depends on the complexity and size of the business and the environment in which the business operates. Remuneration for other senior executives is set with reference to the CEO's salary.

The CEO is appointed by the Premier and Portfolio Minister following selection and recommendation by the Board. The Board consults with the Government Business Executive Remuneration Advisory Panel when determining the CEO's remuneration package.

Remuneration levels for the Organisation's General Management Team are set to attract and retain appropriately qualified and experienced senior executives. The Remuneration and Board Nomination Committee obtains independent advice on the appropriateness of remuneration packages given trends in comparative entities both locally and interstate and the objectives of the Organisation's remuneration policy.

The remuneration structures take into account the capability and experience of the General Management Team, the General Management Team's ability to control the relevant segment performance and achievement of the Organisation's strategic initiatives.

The employment and conditions of the General Management Team are contained in individual employment contracts and related documents. These documents prescribe total remuneration, superannuation, annual and long service leave and vehicle and salary sacrifice provisions.

The performance of each senior executive, including the Chief Executive Officer, is reviewed annually, which includes a review of the remuneration package. The terms of employment of each senior executive, including the Chief Executive Officer, contain a termination clause that requires the senior executive or the Organisation to provide a minimum notice of between 3 and 6 months prior to termination of the contract or make redundancy payments if relevant. Chief Executive Officer contracts for GBEs include a set term consistent with the requirements of the *Government Business Enterprises Act* (1995). Service contracts have duration not exceeding five years but can be extended based on the Organisation's requirements.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

The Organisation has not made any loans with any member of the Board of Directors, the General Management Team or their related parties.

Key management personnel remuneration meets the Department of Treasury and Finance's Guidelines for Government businesses – Director and Executive Remuneration reporting requirements and is prepared in accordance with Treasurer's Instruction GBE 08-55-06 Annual Report and Statement of Compliance for GBEs and the Member's Direction of June 2014 to SOCs.

Other key management personnel are determined to be the members of the Organisation's General Management Team. The Organisation's General Management Team comprises 5 members at 30 June 2021 (2020: 6 members). The Remuneration Committee of the Board is responsible for determining and reviewing compensation arrangements for members of the General Management Team.

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior employees to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

There were no overseas trip completed by Directors or senior management (members of the General Management Team) during the year (2020: 1). There were no overseas trips undertaken by employees of the business during the year (2020: Nil).

Section E: Employee Entitlements (continued)

E5 Key management personnel compensation and other disclosures (continued)

The aggregate compensation to key management personnel of the Organisation is set out below:

	Director Remuneration		Executive Remuneration		Consolidated	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Short-term employee benefits	381	381	1,303	1,349	1,684	1,730
Post-employments benefits	36	36	131	133	167	169
Other long-term benefits	-	-	24	13	24	13
Termination benefits	-	-	-	-	-	-
	417	417	1,458	1,495	1,875	1,912

2021 Director Remuneration¹

Non-Executive Directors

Name	Position	Start Term	End Term	Directors fees \$'000	Committee fees \$'000	Superannuation ² \$'000	Other Benefits ³ \$'000	Total \$'000
Mr R de Fégely	Chairman	01-Jun-2016		108	-	10	-	118
Ms S Baker	Director	15-Dec-2015		51	3	5	-	59
Prof M Hunt	Director	22-Dec-2015		51	2	5	-	58
Ms K A Westwood	Director	01-Aug-2018		51	6	5	-	63
Ms T Ryan	Director	01-Jul-2019		51	4	5	-	60
Ms K Schaefer	Director	01-Feb-2020		51	3	5	-	59
Total				363	18	36	-	417

2020 Director Remuneration¹

Non-Executive Directors

Name	Position	Start Term	End Term	Directors fees \$'000	Committee fees \$'000	Superannuation ² \$'000	Other Benefits ³ \$'000	Total \$'000
Mr R de Fégely	Chairman	01-Jun-2016		108	-	10	-	117
Dr C Mucha	Director	29-Apr-2013	08-Nov-2019	21	1	2	-	24
Ms S Baker	Director	15-Dec-2015		51	4	5	-	61
Prof M Hunt	Director	22-Dec-2015		51	4	5	-	61
Dr L Bull	Director	22-Dec-2015	31-Jul-2019	5	-	1	-	5
Ms K A Westwood	Director	01-Aug-2018		51	7	6	-	64
Ms T Ryan	Director	01-Jul-2019		51	5	5	-	61
Ms K Schaefer	Director	01-Feb-2020		20	1	2	-	23
Total				358	23	36	-	417

¹ Amounts are all forms of consideration paid, payable or provided by the entity, i.e., disclosure is made on an accruals basis as at 30 June.

² Superannuation means the contribution to the superannuation fund of the individual.

³ There were no other benefits paid to Directors.

Section E: Employee Entitlements (continued)

E5 Key management personnel compensation and other disclosures (continued)

	Base Salary ¹ \$'000	Short-Term Incentive Payments ² \$'000	Superannuation ³ \$'000	Vehicles ⁴ \$'000	Other Monetary Benefits ⁵ \$'000	Other Non-Monetary Benefits ⁶ \$'000	Total Remuneration \$'000	Termination Benefits ⁷ \$'000	Other Long-Term Benefits ⁸ \$'000	Total \$'000
General Management Team Remuneration 2020-21										
Mr S Whiteley - CEO	385	-	46	-	-	-	431	-	(2)	429
Mr C Brookwell - GM Corporate Services	291	-	26	-	-	-	317	-	11	328
Mr D Bartlett - GM Business Development and Strategy	201	-	19	-	-	-	220	-	3	223
Ms S Weeding - GM Land Management	202	-	19	6	-	-	227	-	6	233
Mr G Hickey - GM Operations	222	-	21	(4)	-	-	239	-	6	245
Total	1,301	-	131	2	-	-	1,434	-	24	1,458
General Management Team Remuneration 2019-20										
Mr S Whiteley - CEO	377	-	44	2	-	-	423	-	13	436
Mr C Brookwell - GM Corporate Services	254	-	22	-	-	-	276	-	(14)	262
Mr D Bartlett - GM Business Development and Strategy	194	-	18	-	-	-	212	-	(5)	207
Ms S Weeding - GM Land Management	199	-	19	10	-	-	228	-	11	239
Mr G Hickey - GM Forest Products	203	-	19	2	-	-	224	-	14	238
Ms J Nicholls - Company Secretary and General Counsel (Resigned 22 November 2019)	48	-	4	-	-	-	52	-	(7)	45
Sub-total	1,275	-	127	14	-	-	1,415	-	13	1,428
Acting arrangements										
Ms L Johnson - Acting GM Corporate Services (11 August 2019 - 4 October 2019)	29	-	3	-	-	-	32	-	-	32
Mr A Pereira - Acting GM Corporate Services (7 October 2019 - 5 December 2019)	31	-	3	-	-	-	34	-	-	34
Sub-total	61	-	6	-	-	-	66	-	-	66
Total	1,335	-	133	14	-	-	1,482	-	13	1,495

Executive remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the entity, i.e., disclosure is made on an accruals basis and includes all accrued benefits at 30 June.

- 1 Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.
- 2 There were no short-term incentive payments paid to Executives.
- 3 Superannuation means the contribution to the superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were calculated using a notional cost.

4 The personal use component of the total cost of providing and maintaining a vehicle for an executive's use, including registration, insurance, fuel and other consumables, maintenance cost and parking (i.e. the notional value of parking provided at premises that are owned or leased) and the reportable fringe benefits amount referable to a vehicle.

5 There were no other monetary benefits paid to Executives.

6 There were no other non-monetary benefits paid to Executives.

7 Termination benefits include all forms of benefit paid or accrued as a consequence of termination.

8 Other long-term benefits include annual and long service leave movements.

Section F: Financial Instruments and Risk Management

Sustainable Timber Tasmania
and its subsidiaries

Accounting policy

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through profit or loss (FVPL).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- the entities business model for managing the financial asset;
- the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as short-term deposits that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Section F: Financial Instruments and Risk Management (continued)

Trade and other receivables and financial assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Organisation uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Risk management objectives and policies

The Group is exposed to the following risks in relation to financial instruments:

- credit risk;
- liquidity risk;
- market risk.

The Group's risk management is coordinated at its head office, in close cooperation with the Board of Directors, and focuses on actively securing the Organisation's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Organisation is exposed are described below.

The Group enters into derivatives, principally for hedging foreign exchange risk. Associated disclosure relating to hedge accounting are included below.

Credit risk:

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk for various financial instruments including by granting credit terms to customers, placing deposits and granting loans.

The Board has overall responsibility for the establishment and oversight of the risk management framework. The Finance, Audit and Risk Management Committee is responsible for developing and monitoring risk management policies and reports regularly to the Board on these activities.

The risk management and investment policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. The Finance, Audit and Risk Management Committee oversees how management monitors compliance with the Group's risk management and investment policies and is assisted in this task by internal audit.

Trade receivables:

The credit risk is managed within the Group's credit risk management policies and procedures.

Trade receivables consist of a small number of customers in the forestry industry in Tasmania. The Group prefers to hold security against trade receivables balance in accordance with normal commercial practices which may include holding a bank guarantee or a registered security interest over inventory as security against performance of the counterparty's contractual obligations.

The Group applies the simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to engage with the Organisation on alternative payment arrangement is considered an indicator of no reasonable expectation of recovery.

The expected credit loss for trade receivables as at 30 June 2021 and 30 June 2020 was determined as follows:

	Current \$'000	More than 30 days \$'000	More than 60 days \$'000	More than 90 days \$'000	Total \$'000
30 June 2021					
Gross carrying amount	5,478	28	35	1,091	6,632
Expected credit loss	(8)	(15)	(35)	(896)	(953)
Net carrying amount	5,470	13	-	196	5,679
	Current \$'000	More than 30 days \$'000	More than 60 days \$'000	More than 90 days \$'000	Total \$'000
30 June 2020					
Gross carrying amount	6,200	541	163	2,062	8,965
Expected credit loss	-	-	-	(821)	(821)
Net carrying amount	6,200	541	163	1,241	8,144

Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Section F: Financial Instruments and Risk Management (continued)

Term deposits:

The Group's investments in term deposits have low credit risk and the loss allowance recognised is based on the 12 months expected loss. Management consider "low credit risk" for short-term deposits to be those with high quality external credit ratings (investment grade).

Other financial assets:

Other financial assets comprises timber purchased under a purchase and sale agreement with a customer in the forestry industry in Tasmania. The Group has registered security over the timber and has enforceable rights to deal with the timber to manage credit risk in accordance with ordinary commercial practices.

There is no expected credit loss on term deposits or other financial assets.

Liquidity risk:

Liquidity risk is the risk that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a weekly and monthly basis, as well as on the basis of a rolling 90-day projection.

Long-term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available cash and equivalents to determine headroom or any shortfalls to determine that liquidity is sufficient over the lookout period.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for 90-day periods at a minimum. Funding for long-term liquidity needs is additionally secured by an ability to sell long-term financial assets.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Group's existing cash resources and trade receivables exceed the current cash outflow requirements. Cash flows from trade and other receivables are all generally due within 30-90 days from the date of invoice.

Market risk:

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, interest rate risk and certain other price risks, which result from both its operating and investing activities.

Foreign currency sensitivity:

The Group's sales transactions are carried out in Australian Dollars (\$AUD) or US Dollars (\$USD).

Exposures to currency exchange rates arise from the Group's sales and purchases, which are primarily denominated in US Dollars (USD).

To mitigate the Group's exposure to foreign currency risk, foreign currency cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward

exchange contracts are entered into for short-term foreign currency exposures that are not expected to be offset by other currency transactions.

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

Interest rate sensitivity:

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing.

Term deposits are therefore usually at fixed rates for up to 12 months with diversification of maturity within the term.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 0.5% (2020: +/- 0.5%).

Description	Fair value at 30 June 2021 \$'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to Profit and Equity
Term deposits	24.85	Interest rate	0.5% increase	Profit and equity increases \$0.1m
			0.5% decrease	Profit and equity decreases \$0.1m

Description	Fair value at 30 June 2020 \$'000	Unobservable inputs	Inputs	Relationship of unobservable inputs to Profit and Equity
Term deposits	46.86	Interest rate	0.5% increase	Profit and equity increases \$0.2m
			0.5% decrease	Profit and equity decreases \$0.2m

These changes are reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

Section F: Financial Instruments and Risk Management (continued)

F1 Financial assets and liabilities

Term deposits represent deposits held with Australian financial institutions with fixed interest rates ranging between 0.2% and 0.6% per annum. Other cash and cash equivalents represent deposits held with Australian financial institutions with variable interest rates ranging between 0.2% and 0.35% per annum. The carrying amounts at amortised cost is equal to fair value.

The carrying amounts of trade and other receivables, other financial assets and trade and other payables is considered a reasonable approximation of fair value.

Financial assets at fair value through profit and loss (FVPL) include an equity investment in an unlisted public company.

		Assets at fair value through profit and loss (FVPL)		
		Amortised cost		Total
	Note	2021	2021	2021
		\$'000	\$'000	\$'000
Financial Assets				
Term deposits	D1 (a), D5	24,850	-	24,850
Other cash and cash equivalents	D1	2,182	-	2,182
Trade and other receivables	D2	8,400	-	8,400
Other financial assets	D5	5,580	-	5,580
Investment in public company	D5	-	5	5
		41,012	5	41,017
		Other liabilities (amortised cost)		
				Total
	Note		2021	2021
			\$'000	\$'000
Financial Liabilities				
Trade and other payables	D6 (a)		(9,551)	(9,551)
Lease liabilities	D6(b)		(7,840)	(7,840)
			(17,391)	(17,391)

		Assets at fair value through profit and loss (FVPL)		
		Amortised cost		Total
	Note	2020	2020	2020
		\$'000	\$'000	\$'000
Financial Assets				
Term deposits	D1 (a), D5	46,855	-	46,855
Other cash and cash equivalents	D1	1,677	-	1,677
Trade and other receivables	D2	9,973	-	9,973
Other financial assets	D5	-	-	-
Investment in public company	D5	-	5	5
		58,505	5	58,510
		Other liabilities (amortised cost)		
				Total
	Note		2020	2020
			\$'000	\$'000
Financial Liabilities				
Trade and other payables	D6 (a)		(15,086)	(15,086)
Lease liabilities	D6(b)		(9,238)	(9,238)
			(24,324)	(24,324)

Section F: Financial Instruments and Risk Management (continued)

F2 Derivative financial assets

Accounting policy

Recognition, initial measurement and derecognition

The Group uses forward foreign exchange contracts to mitigate exchange rate exposure arising from contract sales in US Dollars (USD).

The Group's policy is to hedge 100% of the Organisation's net USD credit exposure. During the year ended 30 June 2021, 100% of the net USD credit exposure were hedged in respect of foreign currency risk using foreign currency forward exchange contracts.

Hedge effectiveness is determined at inception of the hedge relationship and at every reporting period end through the assessment of the hedged items and hedging instruments to determine whether there is still an economic relationship between the two.

The critical terms of the foreign currency forwards entered into exactly match the terms of the hedged item. As such the economic relationship and hedge effectiveness are based on the qualitative factors and the use of a hypothetical derivative where appropriate.

Hedge ineffectiveness may arise where the critical terms of the forecast transaction no longer meet those of the hedging instrument, for example if there was a change in the timing of the forecast receipt of USD from what was initially estimated or if the volume of currency in the hedged item was below expectations leading to over-hedging.

The hedged items and the hedging instrument are denominated in the same currency and as a result the hedging ratio is ordinarily one to one.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued, and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

Other forward exchange contracts are considered by management to be part of economic hedge arrangements but have not been formally designated.

F3 Fair value measurement

The following table summarises the sensitivity in relation to the significant unobservable inputs used in recurring level 3 fair value measurement:

Description	Fair value at 30 June 2021 \$'000,000	Unobservable inputs	Inputs	Relationship of unobservable inputs to fair value
Forest estate incorporating biological asset	186.5	Price	5% increase	value increases \$60.9m
		Discount rate	1% increase	value decreases \$15.4m
		Discount rate	1% decrease	value increases \$17.6m
		Cost	5% increase	value decreases \$15.7m

Section G: Other Disclosures

Sustainable Timber Tasmania
and its subsidiaries

G1 Expenditure commitments

G1(a) Capital expenditure commitments

	2021 \$'000	2020 \$'000
Plantation establishment		
Not longer than one year	-	-
Between one and five years	-	-
Later than five years	-	-
Road construction		
Not longer than one year	-	-
Between one and five years	-	-
	-	-

G2 Contingent liabilities

Accounting policy

Indemnities have been provided to directors and senior management of the Group in respect of liabilities to third parties arising from their positions, except where the liability arises out of conduct involving a lack of good faith. No monetary limit applies to these agreements and there are no known obligations outstanding at 30 June 2021.

The Group has an obligation pursuant to a forestry right to purchase future standing timber at the fair market value in the year 2116. The obliging event is equally unperformed by both parties at balance date and the future obligation does not apply until the expiration of the forestry right in the year 2116 and therefore it is difficult to reliably quantify any obligation.

At various anniversary dates of the Plantation sale and purchase agreement, the Purchaser is able to surrender the relevant part of the Forestry Right where they deem the land Unproductive Area (unsuitable and/or uneconomical for future commercial plantation forestry). The Group may be entitled to receive a Regeneration Payment from the Purchaser as part of the surrender where the Purchaser has harvested timber or the area is damaged by fire. The Group has an obligation to regenerate the Unproductive Area pursuant to the requirements of the Forest Practices Code. This is a legal obligation and the Group must complete the regeneration activity in accordance with contemporary forestry standards. There is no indication as to whether any Unproductive land will be handed back to the Group. An estimate of the financial effect is impractical having considered the uncertainties relating to the amount and timing of any outflow.

Section G: Other Disclosures (continued)

G3 Parent entity information

Information relating to Sustainable Timber Tasmania:

Statement of Comprehensive Income
Sustainable Timber Tasmania
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Revenue		
Revenue	124,423	175,037
Gain on sale of assets	80	-
Finance income	319	901
Biological asset valuation increment	2,140	1,837
Total revenue	126,962	177,775
Expenses		
Expense from operations	(121,187)	(170,069)
Finance expense	(1,763)	(1,872)
Loss on sale or disposal of assets	-	(62)
Total expenses	(122,950)	(172,003)
Net profit/(loss) before tax	4,012	5,772
Income tax (expense)/benefit on net profit/(loss)	(1,203)	(1,731)
Net profit/(loss) after tax	2,809	4,041
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Increase/(decrease) in the revaluation of land and buildings	(41)	(1,689)
Gain/(loss) on remeasurement of defined benefit liability	1,711	(1,247)
Income tax on revaluation of land and buildings	12	507
Income tax on remeasurement of defined benefit liability	(513)	374
Total items that will not be reclassified to profit or loss	1,169	(2,055)
Total comprehensive income/(expense) for the year attributable to the equity holders of the parent	3,978	1,986

Section G: Other Disclosures (continued)

G3 Parent entity information (continued)

*Statement of Financial Position
Sustainable Timber Tasmania
As at 30 June 2021*

	2021 \$'000	2020 \$'000
Current Assets		
Cash and cash equivalents	9,867	17,272
Other financial assets	15,000	30,000
Trade and other receivables	8,125	9,863
Inventories	15,536	16,161
Biological assets	8,680	7,688
Total Current Assets	57,208	80,984
Non Current Assets		
Trade and other receivables	8,182	1,751
Biological assets	177,820	175,612
Property, plant and equipment	23,656	21,122
Other financial assets	335	5
Total Non Current Assets	209,993	198,490
Total Assets	267,201	279,474
Current Liabilities		
Trade and other payables	9,551	15,063
Lease liabilities	954	542
Contract liabilities	653	3,441
Re-establishment provision	3,291	2,684
Employee benefits	3,781	3,653
Total Current Liabilities	18,230	25,383
Non Current Liabilities		
Lease liabilities	6,876	8,686
Contract liabilities	6,255	6,321
Re-establishment provision	6,721	8,455
Employee benefits	29,753	29,848
Deferred tax liability	20,948	19,290
Total Non Current Liabilities	70,553	72,600
Total Liabilities	88,783	97,983
Net Assets	178,418	181,491
Equity		
Contributed equity	381,518	386,568
Reserves	4,787	4,817
Retained earnings/(Accumulated losses)	(207,887)	(209,894)
Total Equity	178,418	181,491

Section G: Other Disclosures (continued)

G3 Parent entity information (continued)

Statement of cash flows
Sustainable Timber Tasmania
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Inflows:		
Cash receipts from customers	124,623	176,668
Government funding	12,000	15,357
Interest received	275	901
Outflows:		
Cash paid to suppliers and employees	(134,698)	(172,212)
Interest paid on leased assets	(456)	(499)
Net cash provided by/(used in) operating activities	1,744	20,215
Cash flows from investing activities		
Inflows:		
Proceeds from investment in short-term assets	15,000	-
Proceeds from sale of property, plant and equipment	714	607
Outflows:		
Payments for investment in short-term assets	-	(2,000)
Payments to suppliers and employees for biological assets	(3,959)	(8,648)
Payments for property, plant and equipment and other assets	(5,691)	(1,676)
Net cash provided by/(used in) investing activities	6,064	(11,717)
Cash flows from financing activities		
Inflows:		
Outflows:		
Loan to subsidiary	(6,765)	(297)
Lease payments	(1,398)	(1,056)
Transfer of capital	(5,050)	-
Ordinary dividend	(2,000)	(2,000)
Net cash provided by/(used in) financing activities	(15,213)	(3,353)
Net increase/(decrease) in cash and cash equivalents held	(7,405)	5,145
Cash and cash equivalents at the beginning of the year	17,272	12,127
Cash and cash equivalents at the end of the year	9,867	17,272

Section G: Other Disclosures (continued)

G3 Parent entity information (continued)

Statement of changes in equity
Sustainable Timber Tasmania
For the year ended 30 June 2021

	Contributed Equity \$'000	Property & General Revaluation Reserve \$'000	Retained Earnings/ (Accumulated losses) \$'000	Total Equity \$'000
Balance at 30 June 2019	386,568	6,860	(211,923)	181,505
Total comprehensive income for the year				
Profit or loss	-	-	4,041	4,041
<i>Other comprehensive income</i>				
Increase/(decrease) in the revaluation of land and buildings	-	(2,043)	-	(2,043)
Transfer of revaluation increments on disposal of asset	-	-	861	861
Remeasurement defined benefit superannuation liability	-	-	(873)	(873)
Transfer to retained earnings	-	-	-	-
<i>Total other comprehensive income</i>	-	(2,043)	(12)	(2,055)
Total comprehensive income for the year	-	(2,043)	4,029	1,986
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends to equity holders	-	-	(2,000)	(2,000)
<i>Total contributions by and distributions to owners</i>	-	-	(2,000)	(2,000)
Balance at 30 June 2020	386,568	4,817	(209,894)	181,491
Balance at 30 June 2020	386,568	4,817	(209,894)	181,491
Total comprehensive income for the year				
Profit or (loss)	-	-	2,809	2,809
<i>Other comprehensive income</i>				
Increase/(decrease) in the revaluation of land and buildings	-	(29)	-	(29)
Remeasurement defined benefit superannuation liability	-	-	1,198	1,198
<i>Total other comprehensive income</i>	-	(29)	1,198	1,169
Total comprehensive income for the year	-	(29)	4,007	3,978
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Transfer of capital to equity holders	(5,050)	-	-	(5,050)
Dividends to equity holders	-	-	(2,000)	(2,000)
<i>Total contributions by and distributions to owners</i>	(5,050)	-	(2,000)	(7,050)
Balance at 30 June 2021	381,518	4,787	(207,887)	178,418

The Organisation has no capital commitments at 30 June 2021 (2020: Nil). The Organisation has not entered a deed or cross guarantee nor are there any contingent liabilities at year end.

Section G: Other Disclosures (continued)

G4 Controlled entities

The controlled entities within the Group comprise:

	Percentage of Shares	
	2021	2020
Parent: Forestry Tasmania		
Newood Holdings Pty Limited (ACN: 103 220 426)	100%	100%
Parent: Newood Holdings Pty Ltd (ACN: 103 220 426)		
Newood Huon Pty Limited (ACN: 103 219 861)	100%	100%
Newood Smithton Pty Limited (ACN: 103 219 843)	100%	100%
Newood Energy Pty Limited (ACN: 129 980 061)	100%	100%

Each entity is domiciled and incorporated in Australia and is located at Level 1, 99 Bathurst Street, Hobart Tasmania. The principal activities of each entity include the management operation of the sites and necessary infrastructure required for the Huon Wood Centre and Smithton Wood Centre and to undertake Sustainable Timber Tasmania's business development activities.

Information related to Newood Holdings Pty Ltd:

Newood	2021 \$'000	2020 \$'000
Statement of Comprehensive Income		
Revenue	454	438
Expenses	(595)	(655)
Net profit/(loss) before tax	(141)	(217)
Income tax (expense)/benefit	42	65
Net profit/(loss)	(99)	(152)
Other comprehensive income		
Increase/(decrease) in the revaluation of land and buildings	-	140
Total comprehensive income	(99)	(12)
Statement of Financial position		
Current assets	7,936	1,287
Non current assets	1,254	1,258
Total assets	9,190	2,545
Current liabilities	1	18
Non current liabilities	8,405	1,973
Total liabilities	8,406	1,991
Net Assets/(Liabilities)	784	554

	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Parent								
Newood Holdings Pty Ltd	-	-	12	12	8,394	1,963	-	-

Section G: Other Disclosures (continued)

G5 Auditor's remuneration

	2021 \$'000	2020 \$'000
Amounts paid and payable to the Tasmanian Audit Office for auditing the financial statements of the Organisation	122	114
Amounts paid and payable to other service providers for internal and other regulatory audit services	156	62

G6 Events subsequent to balance date

2021

There have not been any matters or circumstances since the end of the financial year that have significantly affected or may have significantly affected the operations of the Group, the results of those operations or the state of affairs of the Group.

G7 Geographical information

All non-current assets are located within Australia.

	2021 \$'000	2020 \$'000
Revenue		
Australia	127,362	178,201
Asia	-	-
Total revenue	127,362	178,201

G8 Other accounting policies

Accounting policy

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro rata basis.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Foreign currency transactions

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the date of the transactions.

Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account within finance income or expense as exchange gains or losses in the profit and loss in the financial year in which they occur. Foreign currency gains and losses are reported on a net basis.

Reserves

Property revaluation reserve – The Group's land under buildings and building assets are valued at fair value with any changes in the values of the asset taken to the reserve.

Section H: Certification of financial statements

Sustainable Timber Tasmania
and its subsidiaries

It is the opinion of the directors of Sustainable Timber Tasmania:

- a) the financial statements and notes of the Group are in accordance with the *Government Business Enterprises Act 1995*, including:
 - i. giving a true and fair view of the results and cash flows for the financial year ended 30 June 2021 and the financial position as at 30 June 2021; and
 - ii. complying with Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.
- b) there are reasonable grounds to believe that Sustainable Timber Tasmania will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and the General Manager Corporate Services of Sustainable Timber Tasmania:

- a) the financial records of Sustainable Timber Tasmania for the financial year ended 30 June 2021 have been properly maintained in accordance with Section 52 of the *Government Business Enterprises Act 1995*;
- b) the financial statements and notes for the financial year ended 30 June 2021 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and
- c) the financial statements and notes for the financial year ended 30 June 2021 give a true and fair view.

Signed in accordance with a resolution of the directors.



Rob de Fégely
Chairman
6 August 2021



Kathryn Westwood
Director
6 August 2021



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

6 August 2021

The Board of Directors
Forestry Tasmania
trading as Sustainable Timber Tasmania
Level 1
99 Bathurst Street
HOBART TAS 7000

Issued by email only

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of Forestry Tasmania, trading as Sustainable Timber Tasmania, for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of Australian Auditing Standards in relation to the audit
- (b) any applicable code of professional conduct in relation to the audit.

As agreed with the Finance, Audit and Risk Management Committee, a copy of this declaration must be included in the Annual Report.

Yours sincerely

A handwritten signature in black ink, appearing to read "R Whitehead".

Rod Whitehead
Auditor-General

Auditor's Independence Declaration

For the year ended 30 June 2021

Independent Auditor's Report

Sustainable Timber Tasmania
and its subsidiaries

For the year ended 30 June 2021



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
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Independent Auditor's Report To the Members of Parliament Forestry Tasmania Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Forestry Tasmania, trading as Sustainable Timber Tasmania (STT) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification of financial statements by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration provided to the directors of STT on 6 August 2021, would be in the same terms if provided to the directors at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Independent Auditor's Report (continued)

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Forest estate – Valuation of biological assets Refer to note C1	
<p>STT relied upon the work of an independent valuation expert to value standing timber at \$167.63m as at 30 June 2021.</p> <p>The valuation methodology applied to value standing timber involves an income capitalisation approach valuing the forest estate as a whole, incorporating standing timber, land and roads and the forest re-establishment obligation asset.</p> <p>The income capitalisation approach uses a discounted cash flow model which estimates the net annual income derived from the forest estate in each year of the projected holding period of the asset. A market derived discount rate is used to discount the annual net incomes to arrive at a present value of the existing forest estate. The calculation is complex and subject to numerous assumptions.</p> <p>Changes in market conditions, discount rate and key assumptions are inherently subjective and significantly impact the value of the forest estate.</p>	<ul style="list-style-type: none"> • Assessing the scope of work, expertise, and independence of the expert engaged by STT to value the forest estate. • Reviewing the validity of the valuation method used, including its compliance with the accounting framework, specifically AASB 141 Agriculture. • Reviewing the basis of the underlying assumptions used. • Validating the accuracy of data, including prices, volumes and costs provided by STT to the valuation expert. • Evaluating management's and the directors' review and adoption of the valuation. • Verifying the accounting treatment for changes in the value of biological assets and assessing the adequacy of relevant disclosures in the financial report.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Defined benefit superannuation obligations Refer to notes E1, E2, E3 and E4	
<p>STT has employees who are members of a defined benefit superannuation scheme. STT's obligations under these schemes (less fair value of plan assets) are recognised in the statement of financial position and are valued at \$30.16m at 30 June 2021.</p> <p>The value of the unfunded superannuation liability and movements recognised in the financial statements are based on an annual independent valuation. This valuation is based upon a number of assumptions and the use of discount rates, all of which are subjective.</p> <p>The valuation is a key audit matter due to the complexity and level of judgement required in the calculation.</p>	<ul style="list-style-type: none"> • Assessing the competence and independence of the actuary who performed the valuation. • Evaluating the information provided by STT to the actuary. • Evaluating the reasonableness of the assumptions used by the actuary in determining the liability. • Verifying the accounting treatment for changes in the value of the liability and assessing the adequacy of relevant disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in STT's Director's Report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of the Directors for the Financial Report

The directors of STT are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rod Whitehead
Auditor-General
Tasmanian Audit Office

11 August 2021
Hobart

Information Tables

TABLE 1: Land Reservation in Tasmania by Forest Type

Forest type ¹ (^{'000's hectares})	Tasmania			Publicly managed land ³			PTPZ ⁴ land				
	Total (ha)	Area reserved (ha)	%	Total (ha)	Area reserved (ha)	%	Total (ha)	Area reserved (ha)	Non-production (ha)	Production (ha)	
Tall native Eucalypt forest: Eucalypt forest with current or potential height of 34 metres or more	904	455	50%	741	445	60%	335	49	15%	70	216
Short native Eucalypt forest: Eucalypt forest with current or potential height of less than 34 metres	1,500	753	50%	858	682	79%	185	35	19%	45	105
Rainforest: Cool temperate rainforest with no significant <i>Eucalypt</i> or <i>Acacia spp.</i>	557	491	88%	537	490	91%	62	17	27%	25	19
Other native forest: Including <i>Acacia</i> , <i>Melaleuca spp.</i> etc.	155	94	61%	124	92	74%	38	9	24%	18	11
Hardwood plantation	202	0	0%	59	0	0%	57	0	0%	2	55
Softwood plantation	82	1	1%	59	1	2%	57	0	0%	1	56
Non forest²: Including scrub, moorland, farmland, rock and lakes	3,390	1,567	46%	1,753	1,536	88%	79	16	20%	49	13
Total	6,790	3,360	49%	4,137	3,247	78%	812	127	16%	210	475

Notes:

- All areas are rounded to thousands of hectares. Figures in the 'Total' rows are not the sum of the columns but the rounded actual totals.
 - The areas for forest are derived from detailed forest type mapping, which is continually updated. Generally, mapping on PTPZ land is updated annually, but remapping of other tenures is less frequent.
 - Areas reported in this table include land, inland waterbodies and islands. Macquarie Island, sea and marine estuaries are excluded.
1. Private property forest areas are as advised by Private Forests Tasmania (PFT), and generally reflect forest mapping as at December 2014.
 2. Because this table is derived from the spatial integration of several independently compiled datasets, some spatial discrepancies have been inherited. Areas where neither PFT nor STT forest data extends to the DPIWVE coastline are recorded as Non forest.
 3. 'Publicly managed land' includes land owned by, or vested in, the HEC, Sustainable Timber Tasmania and Commonwealth and Tasmanian Governments; municipal reserves; and municipal and private lands managed by the Wellington Park Management Trust.
 4. Permanent Timber Production Zone land as defined under the Forest Management Act 2013.

TABLE 2: Forest Values Management on PTPZ land

Special Management Zone within wood production areas	Area (hectares)
Biodiversity	22,684
Cultural Heritage	9,808
Geoconservation	46,017
Landscape	41,594
Aboriginal heritage sites	Number
Identified in 2020/21	7
On PTPZ land (total)	716
Historic heritage sites	Number
Identified in 2020/21	34
On PTPZ land (total)	1,581
Soil and geo-conservation management	Area (hectares)
Designated unavailable for wood production due to erosion risk	5,147
Managed for soil and geo-conservation values	81,880

TABLE 3: Landscape Context Planning System Performance

Metric	Achieved (%)
Coupes meeting dispersal metric prescription	100
Coupes meeting the long-term retention metric prescription	96
Average % of forest retained for the long-term within 1km radius surrounding harvested coupes	30

For more information see www.sttas.com.au/forest-operations-management/managing-forest-values/landscape-context-planning-system.

TABLE 4: Hardwood Plantation Thinning

Total area thinned (hectares)	Proportion meeting quality standard (%)
923	73%

TABLE 5: Plantation Area Statement

Ownership as at 30 June 2021	Area (hectares)	
	Softwood	Hardwood
Sustainable Timber Tasmania plantation on PTPZ land	2,610	24,101
Sustainable Timber Tasmania plantation on private land	-	225
Sustainable Timber Tasmania joint venture on PTPZ land	7,926	217
Sustainable Timber Tasmania joint venture on private land	97	190
Tassie Trees Trust plantation on PTPZ land	304	659
Private plantation on PTPZ land	43,945	28,955
Total 2020/21	54,883	54,347

TABLE 6: Pesticide Usage

Purpose of application	Area treated (hectares)
Plantation insect control	-
Plantation thinning	-
Plantation post-plant weed control	4
Plantation pre-plant weed control	284
Native forest pre-burn fine fuel treatment	-
Firebreak maintenance	-
Declared weed eradication	154

Active Ingredient	Amount applied (kilogram of active ingredient)
Alcohol alkoxylate	1.2
Aminopyralid	0
Clopyralid	134
Dicamba	40
Glyphosate	1,257.5
MCPA	170
Mesulfuron methyl	26.6
Paraffinic Oil	2.9
Picloram	0
Polyether polysiloxane	914
Triclopyr	232

Excludes nursery applications

Water Quality Sampling	Number
Pesticide operations sampled	4
Water quality samples submitted for independent analysis	36
Exceedences of Australian Drinking Water Guidelines	0

TABLE 7: Fertiliser Usage

Nutrient type	Amount applied (kilogram of active ingredient)
Nitrogen	257
Phosphorus	56
Potassium	160

Excludes nursery applications

TABLE 8: Fuel and Chemical Spills

Number of fuel or chemical spills in 2020/21	1
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TABLE 9: Forest Health

Health issue	Area (hectares)	
	Moderate	Severe
Soil fertility/site	0	0
Insect damage	35 ¹	0
Multiple causes	-	-
Climate/environmental	140 ²	113
Unknown	-	-
Silvicultural	-	-
Mammal damage	-	-
Fungal diseases	118	-
Weeds (incidence)	29	76 (21) ³

1. The area of leaf beetle (*Paropsisterna* spp) defoliation has dropped dramatically in recent years. Most of the plantation estate is now outside the most vulnerable age range.
2. The area of moderate damage relates primarily to low severity windthrow; the area of severe damage to seedling dessication.
3. The first figure is the area of issues such as intra-plantation competition from native weeds or grass. The figure in brackets is the number of new records for declared/environmental weeds on PTPZ land managed by STT.

TABLE 9: Forest Health (continued)

Leaf Beetle IPM System	2020/21 Area (hectares)
Area monitored	2,434
Area monitored that was above control threshold	- ¹
Area monitored above threshold and treated with alpha-cypermethrin	-
Total area treated	-
Area monitored above threshold with effective natural control	-
Area monitored above threshold and not treated	-
% monitored area sprayed	0%

1. There were no above threshold populations and as such no control operations were necessary.

Damage symptom	Presence of damage symptom (%)			
	None	Low	Moderate	Severe
Burnt - old/historical	14	80	6	0
Burnt - recent	98	2	0	0
Overstorey wind	49	49	0	2
Midstorey wind	86	12	2	0
Understorey wind	92	8	0	0
Weeds	61	37	2	0
Illegal harvest	88	12	0	0
Other	84	14	0	0
Overstorey canopy/tree condition	31	59	8	2
Midstorey canopy/vegetation condition	69	29	2	0
Understorey vegetation condition	75	25	0	0
Average	68	30	2	0

Gross reserve area sampled (hectares)	7,615
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1. This year's assessments were conducted in Wentworth and Bradys forest blocks in the Central Highlands.

TABLE 10: Access to PTPZ land

Roading Activity 2020/21	Length (kilometres)
New roads constructed	41.3
Roads maintained	2,840
Leases and Licences on PTPZ land	
	Number
Total leases, licences and easements	655
Leases, licences and easements currently subject to negotiation	77
Apiary sites on PTPZ land	
	Number
Total	304
Forest Activity Assessments conducted in 2020/21	
	Number
Assessments conducted	133

TABLE 11: Bushfire Management

Bushfire 2020/21	Area (hectares)
PTPZ land burnt by bushfires	817
Contribution to State bushfire fighting effort 2020/21	
	Control effort (person hours)
General firefighting activities as crew members, strike team leaders, heavy tanker drivers and tree fellers	1,294
Incident management teams as incident controllers, and in planning roles such as mapping, resourcing, public information and behaviour prediction	812
Divisional or Sector command	547
Firefighting activities undertaken by contractors	1,581
Total	4,234

TABLE 12: Planned Burning

Planned burns conducted on PTPZ land 2020/21	Number	Area (hectares)	
		PTPZ	Other
Fuel reduction and ecological	8	3,596	1,481
Low intensity regeneration	59	3,787	3,787
High intensity regeneration	41	1,116	1,116
High intensity plantation	5	152	152
Air quality monitoring			Number
Planned burn season			7 March – 4 June 2021
Smoke events above the PM2.5 air quality standard at BLANKeT sites during burning season			37
Smoke events above PM2.5 air quality standard that STT planned burning may have contributed			1
Air quality complaints received by EPA during planned burn season			6
Air quality complaints that STT planned burning may have contributed to			0

TABLE 13: Emissions

Direct and indirect greenhouse gas emissions from Sustainable Timber Tasmania

Scope	Description	Unit	Tonnes
Scope 1	Direct emissions from owned or controlled sources (petrol)	Carbon dioxide equivalents (tonnes)	978
Scope 2	Indirect emissions from the generation of purchased electricity		138
Total			1,116

TABLE 14: Forest Practices

All forest operations must be carried out according to a Forest Practices Plan. These plans are independently audited by the Forest Practices Authority (FPA).

Forest Practices system requirements	Result
Submitted the Three Year Wood Production Plan to FPA and made publicly available	Achieved
Forest Practices Plan reporting compliance	100%
Forest Practices Plans audited by FPA	16
• Number of individual questions submitted	723
• % individual questions which achieved highest possible rating	95.6%

TABLE 15: Native Forest Harvested

Native forest type harvested	Harvest type	Area harvested (hectares)
Regrowth	Partial	3,264
Old growth	Partial	436
Regrowth	Clearfell	1,288
Old growth	Clearfell ¹	32 ²

1. Where mapped old growth is less than 25% of coupe.

2. Harvested across multiple operations.

TABLE 16: Wood Production

Category	Product	Sub-product	Quantity	Unit
Native Forest	High quality sawlog	Appearance grade sawlog (Cat 1&3)	104,431	cubic metres
		Construction grade sawlog (Cat 1&3)	10,724	cubic metres
		Sliced veneer grade	220	cubic metres
		Total	115,375	cubic metres
	Sawlog	Sawlog (Cat 2&8)	33,068	cubic metres
	Posts, poles and piles		3,327	units
	Export log		74,425	tonnes
	Domestic peeler billets		32,356	tonnes
	Pulpwood		875,266	tonnes
	Firewood		21,105	tonnes
Other products (e.g. bark, sawdust)		3,526	tonnes	
	Special species timber and craftwood	8,825	cubic metres	
	Hardwood Plantation	Pruned and unpruned plantation log	6,147	cubic metres
		Pulpwood	160,150	tonnes
Export log		29,621	tonnes	
Post, poles and piles		433	tonnes	
Softwood Plantation ¹	Sawlogs	13,259	cubic metres	
	Pulpwood	202,336	tonnes	
Grand total ²			1,579,219	tonnes

1. Softwood quantities includes production by private growers on Permanent Timber Production Zone land where Sustainable Timber Tasmania receives stumpage royalties.

2. Production figures do not include wood product purchases from the private sector for provision to Sustainable Timber Tasmania customers.

TABLE 17: Special Species Production

Species	Volume (cubic metres)
Blackwood	6,572
Celery top pine	148
Myrtle	178
Blackheart sassafras	355
Huon pine	64
Huon pine craftwood	138
Silver wattle	98
Leatherwood	4
White sassafras	32
Other (inc. musk, tea tree)	1,236
Total	8,825

TABLE 18: Regrowing Native Forest

Site preparation type	Area assessed (hectares)	Proportion meeting quality standard (%)				
Clearfell	756	100%				
Partial harvest	3,900	100%				
Seed sown						
Area sown (hectares) ¹		1,103				
Quantity sown (kilograms)		1,012				
Proportion of seed collected from on site		23%				
Proportion of seed collected from in-zone		76%				
Proportion of seed collected out-of-zone		1%				
1. Seed is only applied to areas where natural seedfall is likely to be insufficient for regrowing the forest.						
Regrowing success	Area stocked (hectares)					Total
Forest Type	0 to 9%	10 to 39%	40 to 64%	65 to 84%	85 to 100%	(hectares)
Dry eucalypt ¹	-	-	226	435	34	695
Wet eucalypt ¹	-	-	35	1,156	71	1,262
High altitude <i>E. delegatensis</i> ¹	-	-	-	1,551	83	1,634
Total	-	-	261	3,142	188	3,591
Proportion of Area Stocked		99%				

1. Reported at age three years.

TABLE 19: Staff Numbers

Staff as at 30 June 2021	Number
Headcount	162
Full-time equivalents	156

TABLE 20: Safety Performance

Safety performance	2020/21
Number of workers compensation claims	4
Cost of workers compensation claims	\$33,211
Cost of claims as a proportion of gross wages	0.22%
Lost Time Injury Frequency Rate (LTIFR)	10.9
Medical Treatment Injury Frequency Rate (MTIFR)	3.63
Harvesting contractor's Lost Time Injury Frequency Rate	9.77

TABLE 21: Stakeholder Engagement Activity

Stakeholder Groups	Events in 2020/21	Number of Stakeholders
Community	101	102
Environmental/ENGO	50	51
Neighbours	80	83
Tourism	18	18
Commercial Users	18	23
Business	16	16
Recreational	13	15
Industry	9	9
Local Government	7	13
Federal Government	4	4
Suppliers	2	2
Customers	2	2
Scientific	2	4
State Government	2	2
Media	1	1
Educational	1	1
Total	326	346

TABLE 22: Education, Research and Community Funding

Contributions to forest education	Amount
Forest Education Foundation	\$316,000
Research funding	
University of Tasmania	\$109,500
CSIRO	\$10,000
Tree Breeding Australia	\$15,000
University of South Australia	\$5,000
Gottstein Trust	\$2,000
Australasian Fire and Emergency Services Authority Council	\$1,000
Community sponsorship	
Tasmanian Forests and Forest Products Network	\$20,000
Forest & Wood Products Australia	\$19,000
Tasmanian Timber Awards	\$3,718
Total	\$501,218

Note: Figures are GST exclusive

TABLE 23: Buy Local and Payment of Accounts

Buy local	
Proportion of total purchases from Tasmanian businesses	98%
Value of purchases from Tasmanian businesses (\$ millions)	\$115.08
Number of Tasmanian businesses paid	673
Payment of Accounts	
Creditor days	12
Number of accounts due for payment	7,609
Number of accounts paid on time	7,272
Amount due for payment (\$ millions)	\$117.12
Amount paid on time (\$ millions)	\$114.88
Number of payments of interest on overdue accounts	-
Interest paid on overdue accounts	-

TABLE 24: Overseas Travel

Overseas travel	2020/21
Number of overseas trips by directors or employees	-
Total cost of overseas trips	-

TABLE 25: Superannuation

Superannuation certification
Sustainable Timber Tasmania complied with its obligation under the <i>Superannuation Guarantee (administration) Act 1992</i> in respect of employees of Sustainable Timber Tasmania who are members of complying superannuation schemes.

TABLE 26: Consultancies

Consultancies valued at more than \$50,000 (excl GST)

Name	Location	Description	Amount
KPMG	TAS	Cyber Security	\$186,300
MBAC Consulting Group Pty Ltd	NSW	Plantation assessment	\$156,801
Total			\$343,101

Consultancies valued at less than \$50,000 (excl GST)

Number	Total
10	\$58,946

TABLE 27: Information Disclosures

Right to Information Disclosures	Number
Applications for assessed disclosure received	5
Applications for assessed disclosure refused	0
Applications for assessed disclosure relating to exempt information in full or part. Exempt information provisions: Section 27 (1); Section 35 (1); Section 36 (4)	1
Applications reviewed internally and the outcomes of the reviews: upheld in full (1) upheld in part (0)	1

TABLE 27: Information Disclosures (continued)

Public Interest Disclosures	Number
Public interest disclosures	-
Assessed disclosures	-
Active disclosures	-
Required disclosures	-
Routine disclosures	-
Public interest disclosures investigated by Sustainable Timber Tasmania	-
Disclosed matter referred to Sustainable Timber Tasmania by the Ombudsman	-
Disclosed matters referred to the Ombudsman	-
Disclosed matters taken over by the Ombudsman	-
Disclosed matters that Sustainable Timber Tasmania decided not to investigate	-
Disclosed matters substantiated on investigation and action taken	-
Recommendations of the Ombudsman under this Act that relate to Sustainable Timber Tasmania	-

TABLE 28: Community Service Obligations

Sustainable Timber Tasmania performs a range of community service obligations for the benefit of the wider community.

Community Service Obligation	Government Revenue for Services (\$ millions)
Ensuring that Permanent Timber Production Zone land continues to be managed, accessible and available for multiple uses	8
Contributing to statewide fuel reduction burning and fire management	2
Provide assistance with state fire management in the prevention, preparation and detection of bushfires; Supervising and conducting bushfire suppression on non-production forest and adjoining lands	2
Total	12

Snapshot

	2019/20	2020/21
Forest estate ('000 hectares)		
Permanent Timber Production Zone land	812	812
Land available for wood production	475	471
Other areas of native forest ¹	210	214
Managed for reservation ²	126	127
Public land managed by Sustainable Timber Tasmania ³	8	8
Private land managed by Sustainable Timber Tasmania ⁴	1	1
Total Sustainable Timber Tasmania managed land	821	821
Forest types ('000 hectares)		
Native forest	711	711
Hardwood plantation ⁵	53	53
Softwood plantation ⁵	54	54
Area harvested in financial year (hectares)		
Native forest - selective harvesting	4,228	3,700
Native forest - clearfell harvesting	1,570	1,320
Hardwood plantation	1,693	966
Regrowing forest (hectares)		
Native forest regenerated	5,634	4,656
Access to the forest (kilometres)		
New roads constructed	40.9	41.3
Roads maintained	3,076	2,840

	2019/20	2020/21
Wood production		
Total production (cubic metres and tonnes)	1,577,609	1,579,219
High quality sawlog (cubic metres)	118,893	115,375
Native forest sawlog Cat. 2 & 8 (cubic metres)	32,445	33,068
Native forest posts, poles & piles (units)	7,799	3,327
Native forest high grade domestic peeler log (tonnes)	65,860	32,356
Native forest export peeler log (tonnes)	91,439	74,425
Native forest pulpwood (tonnes)	731,994	875,266
Firewood (cubic metres)	21,107	21,105
Other products (e.g. bark, sawdust) (tonnes)	3,362	3,526
Special species timber and craftwood (cubic metres)	7,941	8,825
Hardwood plantation (solid wood and pulpwood) (tonnes)	309,477	196,351
Softwood plantation (sawlog and pulpwood) (tonnes)	187,320	215,595
Fire management services		
Number of bushfires attended	47	24
PTPZ land burnt by bushfires (hectares)	14,000	817
Hours devoted to firefighting	32,126	1,294
Fuel reduction burns completed (hectares)	13	3,596

	2019/20	2020/21
Finance – Comprehensive Income (\$'000)⁶		
Revenue		
Revenue from sale of forest products	146,968	101,984
Government revenue for services	15,357	12,000
Other income	13,124	10,851
Gain on sale of assets	-	80
Finance income	915	307
Forest valuation increase	1,837	2,140
Total revenue	178,201	127,362
Expenses		
Expenses from operations	(170,712)	(121,854)
Finance expense	(1,872)	(1,635)
Loss on sale of assets	(62)	-
Total expenses	(172,646)	(123,489)
Total comprehensive income (expense)	1,974	3,880
Finance – Financial Position (\$'000)⁶		
Borrowings (net of cash)	-	-
Net Assets	182,340	179,170
Finance – Cash Flow (\$'000)⁶		
Operating cash flows	20,141	1,434
Investing cash flows	(11,717)	(6,064)

	2019/20	2020/21
Returns to Tasmanian Government (\$ million)⁷		
Paid to Tasmanian Government	2	2
Transfer of capital to TasRail	-	5.05
Employment		
Number of employees (head count)	153	162
Number of employees (full-time equivalents)	148	156
Lost Time Injury frequency rate	3.57	10.9
Tasmanian business		
Payments to Tasmanian businesses (\$ million)	111	115
Number of Tasmanian businesses paid	622	673

NOTES:

1. Areas not part of the wood resource due to such factors as non-commercial forest, excessive slope, streamside reserves, inaccessibility etc.
2. PTPZ land managed by Sustainable Timber Tasmania for conservation values as part of the Tasmanian CAR Reserve system.
3. Areas on Buckland Military Training Area managed by Sustainable Timber Tasmania.
4. Plantations on private land fully or jointly-owned by Sustainable Timber Tasmania.
5. Plantation figures include plantations over which Sustainable Timber Tasmania has no management control.
6. STT's financial statements for the 12 month period ended 30 June 2021 are prepared on a consolidated basis and are compared to the consolidated financial statements for the corresponding 12 month period ended 30 June 2020. This table is prepared on a consolidated basis which represents a departure from the parent entity basis that was applied for the 12 month period ended 30 June 2020.
7. The Board has recommended payment of a \$2.0 million dividend of in respect of the 2020/2021 financial year.



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